INVESTMENTS
OF
UNITED STATES CAPITAL
IN
LATIN AMERICA

By MAX WINKLER, Ph.D.

WORLD PEACE FOUNDATION PAMPHLETS

40 MT. VERNON STREET, BOSTON

VOL. XI 1928 NO. 6

{ *PRICE 50 CENTS* }

INVESTMENTS
OF
UNITED STATES CAPITAL
IN
LATIN AMERICA

By MAX WINKLER, Ph.D.

WORLD PEACE FOUNDATION PAMPHLETS
40 MT. VERNON STREET, BOSTON

VOL. XI 1928 NO. 6

FOREWORD

The illuminating presentation of the investment of capital from the United States in Latin America made by Dr. Winkler is the first detailed presentation of a subject of far reaching importance to our relations with the Republics to the south. Even the casual observer must be impressed with the significance of the rapidly growing investment of capital from the United States in Latin America. This growth involves international problems of real magnitude both at the present and in the future.

We have advanced from the period of adventure to the period of permanent investment in our relations with the nations of Latin America, and this change has brought with it important developments both in the character of the investments and in the personnel of those representing the corporate enterprises of the United States. During the last twenty-five years the corporations operating in Latin America have come to realize, as never before, that national good will is an important factor in the success of their undertakings. The new spirit pervading the large United States enterprises in Latin America is evident in the improved housing conditions and higher wages enjoyed by the employees of these corporations. They are providing improved educational and recreational facilities for their employees and setting a standard which is making these industries welcome guests in the countries in which they operate.

This asset of national good will, which is now being systematically developed, will, no doubt, contribute much toward the solution of some of the problems which will undoubtedly present themselves by reason of the fact that most of the great public utilities in Latin America are foreign enterprises, and to an increasing extent of enterprises organized and financed in the United States.

Dr. Winkler's admirable study will serve to enlighten the public opinion of this country relative to the significant and commanding position which the corporations of this country have assumed in the great enterprises in Latin America.

LEO S. ROWE,

Director General of the Pan American Union.

CONTENTS

TABLES

INVESTMENTS
OF
UNITED STATES CAPITAL
IN
LATIN AMERICA[1]

By MAX WINKLER, Ph.D.

I. INVESTMENTS IN LATIN AMERICA

In connection with the good will tour to Latin America by President-elect Hoover, the *New York Times* on November 25, 1928, made the following statement regarding the growth and increase of American investments in Latin American countries:

The United States has $5 invested in Latin America and islands of the Caribbean for every $4 invested in Europe. Before the World War, our investments in the South were a little more than $1,000,000,000. To-day, they are over $5,000,000,000. A contrast of the current trade figures and those for 1912 shows that for every American dollar planted in the territory south of Panama in 1912, there are ten growing there to-day.

Our investments in Venezuela alone are as great as were our holdings in the entire continent of South America 16 years ago.

The grand total for United States financial holdings south of the Rio Grande, including the Caribbean republics, is now approximately $4,900,000,000. Including Porto Rico, Jamaica and other dependencies, the total is above $5,000,000,000. It was only one-fourth this amount in 1912, $1,248,000,000. In Cuba, Amer-

[1] Additions and rearrangements have been made to Dr. Winkler's manuscript in preparing it for publication. — D. P. M.

ican holdings have jumped 536% and in South America just under 1,000% for the same period of 16 years.

In order to obtain a clearer conception of the situation obtaining in the various Latin American republics, formerly secretary of commerce and then President-elect Hoover in the fall of 1928 entered upon a tour through a number of Latin American states. Mr. Hoover's mission — to use his own words — was "for other purposes than recreation or to receive the personal satisfaction of travel." In his address at Lima, capital of the Republic of Peru, Mr. Hoover stated:[1]

> I have had the hope and the aspiration that I could serve in some way to further reinforce the structure of peace and friendship, the unity of ideals which have remained unbroken since the birth of our republic. I have thought that I could better prepare myself for the task by a widened knowledge of the men and problems of our sister republics.

Lasting friendship between nations as well as between individuals does not seem possible without a thorough acquaintance with and full knowledge of each other. For that reason the United States welcomed the conference at Habana and earlier Pan American gatherings, where the nations of the American continents assembled to discuss the various problems which vitally affect the entire American world. It was for that reason that Mr. Hoover on his mission sought to convince our southern neighbors that the United States is not the "imperialistic" government which our southern neighbors sometimes hold it to be.

If we take into consideration the fact that at the present time the United States produces 15% more than its population can consume, and that the scale of production increases every year, it would appear necessary to create foreign markets for the surplus production. The American manufacturer steadily gives more attention to the condi-

[1] *Addresses delivered during the Visit of Herbert Hoover . . . to Central and South America . . .* p. 21 (Washington, Pan American Union, 1929).

tions of foreign trade. According to a statement by the National Foreign Trade Council, "American foreign traders have learned how to supply the Latin Americans most intelligently, how to pack, ship, handle the complicated elements of style requirements, business forms, local advertising, credit arrangements and financing."

The following statistics give an idea of the percentage of the total imports into the Latin American countries, which come from the United States:

PERCENTAGE OF IMPORTS FROM UNITED STATES [1]

	1913	1926
Argentina	14.71	25.50
Bolivia	7.40	28.80
Brazil	15.71	29.20
Chile	16.70	32.60
Colombia	28.30	48.70
Ecuador	31.88	42.40
Paraguay	6.00	15.40
Peru	28.80	46.20
Uruguay	12.70	29.10
Venezuela	38.50	55.40
Costa Rica	51.44	55.73
Guatemala	50.60	54.10
Honduras	67.30	82.00
Nicaragua	56.22	69.40
Salvador	39.50	67.50
Panama	54.23	61.40
Cuba	53.70	61.40
Haiti	72.95	74.50
Mexico	50.60	70.50
Dominican Republic	62.22	60.70

The United States and Great Britain have been the countries most actively engaged in commerce with Latin America and they are at the present time the countries whose nationals have invested most extensively in that

[1] Data from League of Nations *Memorandum on International Trade and Balance of Payments*, 1912–1926, Vol. II (1927. II. 68).

part of the world. Statistics of United States trade and investments in 1913 and 1929 are given in the following pages, being supplemented by corresponding tables for Great Britain. Tables showing the growth of both investments and trade in that period for each country are added for information and comparison.

It will be noted from Table I (p. 274 [1030]) that of the total trade of Latin American countries during the last prewar year, aggregating $3,000,584,000, the trade with the United States represented more than 27% of the total.

With respect to South American trade, the United States accounted for approximately 16.5%. In point of imports from the United States, Argentina headed the list with $72,458,000. Brazil was second, followed by Chile, Peru, Venezuela, Colombia, Uruguay, Ecuador and Bolivia. Our exports to Paraguay were only about $480,000.

With respect to exports to the United States, Brazil ranked first with $101,803,000. Chile was a distant second with $30,413,000. Argentina ranked third with $24,402,-000, followed by Colombia, Peru, Venezuela, Ecuador and Uruguay. Our imports from Bolivia and Paraguay were insignificant, amounting to only $218,000 and $11,000 respectively.

Our position in regard to the foreign commerce of the remaining ten Latin American republics was considerably more pronounced, the trade with the United States accounting for more than 63% of the total. Of Mexico's total imports of $97,495,000, we furnished $48,449,000; while of Cuba's purchases of $140,133,000, we supplied almost 54%. The percentages were materially higher with respect to other countries.

It is also worth mentioning that the United States held first place in point of exports to Colombia, Cuba, Mexico, Peru and most of the Central American republics. As regards the A B C nations, that is, Argentina, Brazil and Chile, we held third place. As regards exports to the United States, Brazil found us its best customer. In Argentina, we ranked sixth and in Chile third. In the

majority of the remaining countries, we occupied first place.

Trade with Latin America, in the last prewar year, showed a rather marked balance in favor of our southern friends, which might perhaps be taken as an indication that the United States was a logical place for accommodating the financial requirements of our southern neighbors. Among the South American countries, only Argentina, Uruguay, Bolivia and Paraguay reported a balance of trade in favor of the United States. It is, therefore, not unreasonable to ascribe the lack of Argentine or Uruguayan loans in the American market to that circumstance, notwithstanding that our foreign investments in general were at that time rather small. Trade with Mexico and Cuba, on the other hand, was decidedly against us, and the relatively large prewar investments in Mexico and Cuba may be connected with the fact that those nations enjoyed a large favorable or "active" trade balance with the United States.

United States investments in Latin America amounted, prior to the war, to about $1,242,000,000, of which Cuba and Mexico alone accounted for $1,020,000,000, or 82.06% of the total. Investments of American money and the balance of trade (imports and exports only) in 1913 are set forth in Table II (p. 275 [1031]) and Table XI (p. 284 [1040]).

Trade between the United States and South America in 1913 showed a balance in favor of the latter to the extent of $24,262,000, equivalent to 13.94% on American capital invested in the various South American republics. The balance of trade with the remaining Latin American countries was against the United States to the amount of $115,874,000, equivalent to 10.7% of aggregate investments in these countries. The trade balance with the whole of Latin America was against the United States to the extent of $140,136,000, equivalent to 11.15% of total United States investments in Latin America. It would, therefore, seem that prior to the war one of the incentives for the placement of Latin American loans in our markets

and for the investment of American capital in the Latin American republics was to be found in the balance of trade running against the United States (see Table III, p. 276 [1032]).

In 1927, Latin American trade aggregated $5,139,187,000 as compared with $3,000,584,000 prior to the war, an advance of more than 71%. The growth does not appear especially impressive, particularly if we take into consideration present values compared with those obtaining prior to the cataclysm, the rise being roughly 140%. Imports have risen about 82% over prewar figures, while exports show a gain of more than 78%. The accompanying table presents in detail the changes which have taken place in the commerce of Latin American countries and in United States trade with our Southern neighbors during 15 years (see Table IV, p. 277 [1033]).

It will be noted that the increase of United States trade with Latin America has been much more impressive than the increase of total trade of the Latin American republics, amounting to 118.32%, as compared with a gain of only 71.28% for Latin America. With regard to South America, the gain registered by the United States is even more pronounced, totaling 160.04%, as compared with a trade increase of 65.38% for the ten South American republics combined. On the other hand, the remaining ten Latin American countries showed an increase of 91.1%, as compared with a gain of only 81.82% shown in the share of the United States. The commercial gains registered by the United States in some Latin American countries are relatively small and the gains shown by many of the countries themselves are below the average. If the dictum that "trade follows the dollar" is at all dependable, the increase in United States trade should have been somewhat more proportionate to the increase in investments in Latin America.

The presentation of the statistics showing the trade balance and the flow of investments between two countries affords, perhaps, an interesting comparison rather

than demonstrates a necessary relationship. In the case of Latin American states, the flow of investment from the United States is due in some instances to specific activities rather than general conditions. Venezuela, with an unfavorable trade balance with the United States, is receiving heavy investments in oil exploitation. United States public utilities are very active in Argentina and Brazil. Argentina's trade balance is unfavorable with the United States and Brazil's favorable. There is probably a real relation between the flow of investment to a country and its total balance of payments; in the case of the Latin American countries, the United States and British statistics include for the most part the largest proportion of both.

United States investments in Latin America amounted, at the beginning of 1929, to the rather impressive total of $5,587,494,100. The distribution of this amount is presented in Table V (p. 278 [1034]).

It will be noted that the balance of United States trade in 1927 and 1928 was favorable to the group of South American countries and that the balance increased from one year to the other in their favor, rising from $54,635,000 to $79,400,000. As between the two years Venezuela acquired a favorable balance as a result of increased export of petroleum to the United States. As regards the other 10 countries, the balance was favorable in both 1927 and 1928, but fell very sharply as a result of decreased exports from both Cuba and Mexico to the United States. The total balance of trade favorable to Latin America with respect to the United States decreased from $127,888,000 in 1927 to $106,900,000 in 1928.

Table VI (p. 279 [1035]) reveals that, of the total Latin American commerce during the last prewar year, amounting to $3,000,584,000, trade with Great Britain aggregated $678,130,000, or 22.6%.

As regards South American trade, Great Britain accounted for 25.73%, as compared with only about 16.5% for the United States. In point of exports to Great Britain,

Argentina headed the list with $128,293,000, followed by Chile with $55,548,000. Brazil ranked third, followed by Bolivia, Peru, Uruguay, Colombia, Venezuela and Ecuador. Paraguay's sales in Great Britain were nominal, aggregating less than $1,000. With respect to imports from Great Britain, Argentina also occupied first place with $152,883,000. Brazil was a distant second with $79,289,000. Chile ranked third with $36,109,000, followed by Uruguay, Peru, Colombia, Bolivia, Venezuela, Paraguay and Ecuador.

The position of Great Britain in regard to the foreign commerce of the remaining ten Latin American republics was rather insignificant, amounting to slightly over 12% of the total, as compared with more than 63% for the United States. These percentages are interesting in connection with the fact that British investments in those countries in 1913 exceeded those of the United States. Here, at least, is one case where trade did not follow the pound sterling, although it appears somewhat to have trailed the dollar. Cuba ranked first in regard to exports to Great Britain, with $18,421,000. Mexico was a close second with $15,234,000. Costa Rica held third place with $4,317,000, followed by Guatemala with $1,600,000. Exports to Great Britain by the remaining countries were nominal, varying from $57,000 in the case of Honduras to less than a million in the case of Nicaragua. In regard to imports from Great Britain, the figures were similar.

Latin America's trade with Great Britain in 1913 showed a balance (Table VII, p. 280 [1036] and Table XII, p. 285 [1041]) against Latin America to the extent of $18,018,000, equivalent to less than one-third of 1% of Great Britain's total investments in these countries. The corresponding balance in the commerce with the United States was in their favor to the extent of $140,136,000, or 11.15% on America's total Latin American investments. The center of investment gravity shifted from London and the rôle of New York as Latin America's banker steadily increased.

In 1927, Latin American commerce totaled $5,139,187,-

000, as compared with $3,000,584,000 in 1913, a gain of 71.28%. Great Britain's trade (Tables VIII and IX, p. 281 [1037], 282 [1038]) with the 20 Latin American republics under review showed a gain of slightly more than 26%, as compared with a gain in United States trade with our southern neighbors of 118.32%.[1] At the same time, United States investments showed an increase of 349%, against a gain registered by Great Britain's investments of only about 18%.

As regards the 1927 trade of South American countries with Great Britain, the balance is unfavorable to them only in the case of Brazil, Ecuador, Paraguay, Uruguay and Venezuela. The total (Table X, p. 283 [1039]) shows a balance favorable to South America amounting to $61,895,000; in the case of the remaining ten republics, the balance is favorable to the extent of $43,453,000; while in the case of all Latin America its favorable balance amounted in 1927 to $105,348,000.

[1] The corresponding percentages of the Department of Commerce are 26.55% and 135.5% respectively; see *United States Trade with Latin America in 1927*, p. 9 (Trade Promotion Series No. 71).

II. LATIN AMERICAN ECONOMIC LIFE[1]

The Spaniards found a well developed economic life among the Indian tribes in many parts of the Americas at the end of the 15th century. They regarded the territories which they found as sources of wealth, and some idea of the economic conceptions which were impressed upon Central and South America is a desirable prelude to the closer examination of the economic life which the Latin American countries have separately and independently developed.

The famous and infamous economic and fiscal tyranny of Spain over its possessions in the new world can only be referred to, but it left an impress upon the mixed population that suffered it, from which their descendants have only recently shown signs of recovery. "Absolutism in government, monopoly in matters of commerce and finance, intolerance in questions of dogma and morality, tutelage and rigorous isolation; these were the foundations of Spanish colonization."[2]

After the power of Spain over South America had been well established, Emperor Charles V promulgated laws with a view to insuring better treatment of the Indians and their preservation. A man who dedicated his entire life to Indian policy, Fray Bartolomé de Las Casas, was the author of the new laws for the Indians.[3] Colonial policy was a matter of dispute between those who advocated a more enlightened policy of conciliation, education and development, and those who thought that the only successful way to colonize was to subjugate the native population by force. The idea that colonization is equivalent to the creation of new markets, to the winning of

[1] See Table XIII, p. 286 [1042].

[2] F. García Calderón, *Latin America: Its Rise and Progress*, p. 51.

[3] L. A. Dutto, *The Life of Bartolomê de Las Casas* (1902).

millions of potential buyers for the products of the motherland, had its origin among the earlier conquerors of America. But the protest against the new laws was so great that Charles V had to abrogate them in 1545.

The Roman Catholic Church early concerned itself with the well-being of the natives, and the influence of the missions was of great importance in the development of the Latin American countries. In 1546, an ecclesiastical council in Mexico City dealt with the relations between the Spaniards and the Indians. Bartolomé de Las Casas, then bishop of Chiapas, came to this council and his personality won a great success for the Indian cause. Not only the Church, but also the *procuradores* (lawyers) in Madrid, who represented each a certain city or province of the new world at the Court, supported a more conciliatory policy toward the Indian population. Thus, after the first years of conquest by military force, mitigating influences were introduced in the treatment of the new colonies, and these changes certainly did more for the development of the new states than all the military expeditions.

The Mercantile Economic System

The Spanish colonies were considered only as a great asset for the treasury of the mother country, and all sorts of measures and regulations were resorted to with a view to creating a favorable balance of trade for the mother country. Mercantilism was the current economic doctrine, and the wealth of Spain and Portugal — a wealth due to the great influx of gold and silver from the new colonies — was an incentive for countries like Holland and England to follow Spain in colonial expansion. It is therefore not surprising to read of the passage of laws forbidding direct trade between New Spain and China, in order to force the merchants to bring their merchandise to the home market. The English Navigation Act of 1651 affords an even clearer example of the same policy.

The Count of Monterey, viceroy of New Spain, wrote to the King of Spain of the complaints of the merchants of Peru, that trade between New Spain and the Philippine Islands was detrimental to their dealing with Spain directly. They alleged that, as a consequence of this trade, large amounts of money were being sent to the Philippine Islands. By a royal decree regulating commerce with New Spain, many rules and regulations were made for a better control of the trade of New Spain with countries other than Spain itself. By a decree of August 19, 1606, a way station was opened on the California coast for merchant vessels going to the Philippine Islands. A codification was completed in 1681 of the different laws, royal decrees and regulations concerning commerce with the Philippine Islands, China, New Spain and Peru. The compilation affords numerous examples of the mercantilistic measures taken at that time:

Law V: We ordain and order that there shall be no permission to trade or traffic between Peru, Tierra Firme, Guatemala, or any other parts of the Indies, and China, or the Philippine Islands, even though it be by license of the viceroys, *audiencias*, governors or magistrates, under penalty of confiscation of the merchandise that shall be shipped.

The masters and pilots shall also incur the confiscation of all their property, and ten years in the galleys.

Law LXVIII: We declare and order that the Chinese merchandise and articles which have been and shall be shipped from Filipinas to Nueva España can and shall be consumed there only, or shipped to these Kingdoms after paying the duties. They can not be taken to Peru, Tierra Firme, or any other part of the Indies, under penalty of confiscation of all those found and apprehended in the possession of any person whatever, and shall be applied to our exchequer, the judge, and the denouncer.

Law XV: From Nueva España to Filipinas, only two vessels can sail annually, up to 300 *toneladas*' burden. In them shall be carried the reinforcements of men and supplies, and they shall bear a permit. For this purpose, there shall be three ships, one of which shall remain in readiness at the port of Acapulco, while the other two make the voyage.

A restriction of personal freedom and a control of immigration in those days can be found in a law of February 20, 1596, given at Madrid by Felipe II:

The viceroys, presidents and auditors and all other officers of justice shall make efforts to find all those who shall have been sent to Filipinas to reside during the time of their obligation, who have remained in Nueva España and other parts of their jurisdiction, and shall force them with all rigor to go to reside in those islands, proceeding against their persons and properties and executing the penalties that they shall have incurred. The fiscals of our Audiencia in Manila shall plead what is advisable in regard to the aforesaid.

Law XXIX: Inasmuch as the majority of those going annually from Nueva España to Filipinas do not stop there, but return immediately, after investing their money; therefore, we order the Viceroy of Nueva España to permit no one to go to Filipinas, unless he give bonds that he will become a citizen and live there for more than eight years, or unless he be sent as a soldier to the governor. On those who violate this, and their bondsmen, shall be executed the penalties that they incur, without pardon.

Law LXX is more an example of a criminal law:

If any quantity whatever of Chinese stuffs be found in any boat sailing from Nueva España to Peru, or in the opposite direction, the inspector, royal officials and the other persons who take part in the register and inspection shall be considered as perpetrators and offenders in this crime; so that, taking example from them, others may abstain from similar transgressions. The captains, masters, boatswains and other officers whose duties extend to the management of vessels, shall also be considered as offenders and accomplices.

Law IX: We declare that in the 500,000 pesos granted by permission to be sent from Nueva España to Filipinas, must and shall be entered the amounts of legacies, bequests and charities, with the wrought silver and all other things carried thither; and nothing shall be reserved, except the pay of the sailors.[1]

We may admit that a system of free trade was not favored in those days, and one wonders that merchants were able to make any profit under such rigid regulations.

[1] Bills and decrees for the Government of the Indies. Archivo Nacional, Madrid.

Not only were shipping and commerce regulated, but the whole colonization system of the new Spanish colonies was laid down in laws and royal decrees. We find, for example, laws regulating the laying out of new towns along certain fixed plans:

Ordinance 119 provides that "if the town lies on the coast, its main church shall be so situated that it may be visible from the landing place and so built that its structure serve as a means of defense for the port itself."

According to ordinance 134, "settlers are to endeavor, as far as possible, to make all structures uniform, for the sake of the beauty of the town." By virtue of ordinance 137, "when the new town is being built, the settlers, as far as possible, shall try to avoid communication and intercourse with the Indians and are not allowed to go to their villages, or amuse themselves, or disperse themselves over the country."

A very efficient control of officials enabling the central authorities in Spain to form an exact idea of what was going on in the colonies was the system of visitation by special "visitadores" equipped with special commissions from Madrid. In an instruction to José de Galvez, the king assigns him the following duties:

> In Vera Cruz you will inform yourself in minute detail what custom houses there are for the examination of goods which come in single ships.
>
> You will examine the income of each branch, and ascertain whether it corresponds to the impost.
>
> It being impossible for you to examine personally the management of all the revenues throughout the vast regions which lie within your commission, I grant you authority to name visitors who, as your substitutes under the orders, rules and instructions which you may give them, shall examine the condition and management of the revenues in the various localities to which you may send them.[1]

[1] El Pardo, March 14, 1765. Herbert Ingram Priestley, *José de Galvez, Visitor-General of New Spain*, 1765–1771; Nels A. N. Cleven, *Readings in Hispanic American History*.

In Spain commerce was more or less considered as a disgrace for a noble family. At Lima the opposite was true, due to the fact that almost all the larger fortunes were made in commerce, and idleness was regarded as dishonorable. A royal decree declared that engaging in commerce in the Indies did not bar one from nobility or high military rank. Thus, it was easy for certain members of the Spanish nobility to keep up their standing in Spain, despite the lack of sufficient means, by emigrating to New Spain, where they could acquire a fortune in profitable commercial occupations without losing caste.[1]

Independence and Economic Contacts

The American movement for independence from Spain started in Venezuela, where a provincial congress approved a Declaration of Independence on July 7, 1811. The stirrings of revolution had preceded this overt act by several years and *juntas* in the Argentine and elsewhere[2] as early as 1808 had begun agitations, which broke out into actual disturbances at Buenos Aires in 1809 and 1810. The struggle against Spain in Latin America was of a ferocious and furious character. One of the Spanish governors, Vicente Marquetich, ordered in one year alone about 12,000 executions. Colonial success over the Spaniards in the battle of Ayacucho, Peru, in 1824 is generally regarded as the close of the revolutionary period in Spanish America.

During the Napoleonic wars, the Prince Regent of Portugal and his court fled from Lisbon in November, 1807, to the colony of Brazil. The seat of Portuguese government was established at Rio de Janeiro until 1821, and then moved back to Lisbon. In 1822, Prince Pedro announced that he would remain in Brazil, and assumed the title of "perpetual defender and protector of Brazil." By virtue of a decree dated August 1, 1822, it was provided

[1] Juan and Ulba, *A Voyage to South America;* James Biggs, *The History of Don Francisco de Miranda's Attempt to Effect a Revolution in South America.*

[2] The *juntas* were originally organized to support the Spanish king against the French, turning to revolutionary activities after Ferdinand VII's collapse.

that "the dignity and authority of regent of this vast empire, conferred on me by the King, my father, has been confirmed to me by the unanimous and spontaneous consent of the People of Brazil." On October 12, 1822, he was solemnly crowned in the Cathedral of Rio de Janeiro as "emperor and perpetual defender of Brazil."[1] The independence of Brazil was recognized by the Brazil treaty of November 15, 1825.

As typical of the objects of the revolution the "manifesto addressed to all nations" of October 25, 1816, proclaiming the independence of Argentina may be quoted:

> We solemnly declare that it is the unanimous will of the people of these provinces to break asunder all the bonds which unite them with the kings of Spain; to reinstate themselves in the enjoyment of the rights of which they have been deprived, and to raise themselves to the highest rank of a free and independent nation, capable of giving themselves such government as justice and imperious circumstances may require.

The United States approved such ambitions and recognition was accorded to the revolutionary governments in 1822. Great Britain, which heartily favored the independence for a series of reasons, among which were trade possibilities, did not accord formal recognition. However, there was more than rhetoric in Canning's boast that he "called the New World into existence to redress the balance of the Old." He proposed that the United States and Great Britain should declare that they would not look with indifference at the transfer of Spanish territory in America to any European state. The United States declined to do this, but on December 2, 1823, President Monroe in his message to Congress declared "as a principle in which the rights and interests of the United States are involved, that the American continents . . . are henceforth not to be considered as subjects for future colonization by any European powers."

[1] John Armitage, *The History of Brazil* (*1836*).

Independence being effected, Spanish America entered on the struggle for self-government. The conception of a confederation was well to the fore but was never realized, even though several states that are now distinct began independent life in unions.

The idea of close cooperation among the Spanish American states originated with Simón Bolívar, who took the initiative in 1824 to invite representatives of the American countries to assemble at a congress in Panama. One conviction was common, and was expressed in Article 6 of the Peruvian "Bases for a General Confederation of America" which reads as follows:[1]

> No state shall be allowed to enter into a treaty of alliance with any non-American power without having previously obtained the consent of the assembly.

While Bolívar favored a British hegemony for the newly independent countries,[2] he was not able to carry other leaders with him. Both Great Britain and the United States were represented at the Panama Congress in 1826 and there resulted an indirect rivalry between their policies which had no definite conclusion.

The United States then stood for the independence of Latin American states, the exclusion of European influences and free conditions of trade. Secretary of State Clay explained what has become the historical policy of the United States toward Hispanic America in his instructions to the American delegation, in which we read:[3]

> All idea is, therefore, excluded of binding a minority to agreements and acts contrary to its will, by the mere circumstance of the concurrence of a majority of the states in those agreements and acts. . . . The complicated and various interests which ap-

[1] Joseph Byrne Lockey, *Pan Americanism: Its Beginnings* (1920), p. 332.

[2] Bolívar's memorandum of February, 1826, translated in Joseph Byrne Lockey, *Pan Americanism: Its Beginnings* (1920), p. 388.

[3] International American Conference. Historical Appendix (1890), p. 115–116, 117, 125, 129, 143, 148.

pertain to the nations of this vast continent can not be safely confided to the superintendence of one legislative authority. . . .

. . . The first observation to be made is that, in acceding to the invitation which has been accepted, no intention has been entertained to change the present pacific and neutral policy of the United States. . . .

When a single nation finds itself possessed of a power anywhere which no one, nor all the other nations, can successfully check or countervail, the consequences are too sadly unfolded in the pages of history. Such a nation grows presumptuous, impatient of contradiction or opposition, and finds the solution of national problems easier, and more grateful to its pride, by the sword then by the slow and less brilliant process of patient investigation. If the superiority be on the ocean, the excesses in the abuses of that power become intolerable.

You will state in your conference that as they [the United States] have not sought in treating with the American states separately, neither will they seek in joint negotiations with them for any privileges which are not equally extended to every one of them. . . . The whole of what is very material to their commerce and navigation may be comprised under two general principles, both of which are founded on those bases. The first is, that no American nation shall grant any favors, in commerce or navigation, to any foreign power whatever, either upon this or any other continent, which shall not extend to every other American nation. And, secondly, that whatever may be imported from any foreign country into any one American nation or exported from it in its own vessels, may, in like manner, be imported into or exported from the same nation, the vessel, whether national or foreign, and the cargo paying in both instances exactly the same duties and charges and no more.

A cut or canal for purposes of navigation somewhere through the Isthmus that connects the two Americas, to unite the Pacific and Atlantic Oceans, will form a proper subject of consideration at the Congress. . . .

. . . Allowing no foreign interference either in the formation or in the conduct of their government, they [the United States] are equally scrupulous in refraining from all interference in the original structure or subsequent interior movement of the governments of other independent nations.

Character of Economic Evolution

Considering the industrial evolution of Latin America as a whole, we can distinguish three different phases:

(1) Preliminary development stage, with simple industrial and business systems handicapped by unstable political conditions and periods of great financial difficulties. This period resembles somewhat the situation in the United States about 150 years ago, characterized by the exploration and settlement of new territories, immigration from Europe, the development of navigation and railroad transportation, and with small industries in an experimental stage.

(2) Period of transition from 1880 until the outbreak of the World War in 1914, characterized by industrial development on a larger scale and by an increasing foreign trade with Europe, particularly in foodstuffs and raw materials. This period witnessed the beginning of foreign, mostly European, investments, the accumulation of wealth and the stabilization of political and financial conditions.

(3) Period of application of scientific and intensive methods to extractive industries, characterized by the rise of local manufacturing, by a great advance in both the volume and the value of foreign trade, and the quickening of the domestic interchange of goods. Stabilization of the currencies on the gold basis, advancing public revenues and a tendency to increase public debts for purposes of improvement.

The third stage brought Latin America into somewhat closer contact with the economic systems of Europe and the United States.

The first phase was largely political in its aspects and the wars for national independence gave the first occasions for borrowing in foreign markets. Chile and Colombia contracted the first public loans in 1822, followed later by the revolutionary governments of Peru and Central America. All these loans were floated in London, and the

terms were rather onerous. The net proceeds were used for munitions and other war materials for the wars of independence, but frequently only a small amount of cash reached the Latin American countries.

Around the middle of the past century, we witnessed the beginning of domestic industry and the investment of private capital from Europe in mines and in the importing and exporting business. Later, loans were floated largely for the purpose of refunding previous obligations. The industrial system was still very simple, and perhaps the only important extractive industry was the guano business in Peru. Mining, especially of copper and silver, was done in a very primitive way in Peru, Mexico, Bolivia and Chile.

Chile exported wheat to England after the repeal of the corn laws in 1841, but even a country like Argentina was only in the pastoral stage and not yet in the agricultural stage. Coffee growing was begun in Brazil around 1850, but the competition of Central America and the West Indies was very keenly felt. Negro labor was employed in the sugar industry, the main source of income for Brazil and the Caribbean countries.

In the course of the second phase, the systematization of industry was begun. In Peru, the guano industry was declining and was partly supplanted by the exploitation of the nitrate of soda lands at that time belonging to Peru and Bolivia. As a result of the war (1879–1883) between these countries and Chile, the latter acquired all the nitrate territory, which was the foundation for Chile's commercial and financial growth.

This period also coincided with a steadily increasing influx of foreign capital, larger investments, better means of communication and transportation, especially between South America and Europe, and railroad construction, financed largely by European capital. The loans of the Latin American governments were offered in London and Paris at what may be regarded as fair terms, because of the improving stability of currencies and governments.

In the decade from 1880–90, the demand in Europe for Latin American foodstuffs and raw materials increased to such an extent that a general increase in industrial and agricultural activities was felt in all countries of Latin America. The great development after 1880 was exclusively under European influence, and the participation of the United States was still insignificant.

In the course of the third period, that is, during and after the World War, the financial relations of Latin America changed entirely and the United States, no longer a money-borrowing, pioneer country but one with surplus wealth and money to lend, became the leading factor in the economic life of our southern neighbors.

The considerable progress registered by Latin America somewhat resembles the evolution of our own country.

However different the political and industrial history and the relative degree of advancement may be in the different states, all have now taken on a common relation to the outside world, and this relation is based almost exclusively on economic as distinguished from political considerations. Everywhere modern industrial methods have been, or are about to be, introduced. Large amounts of capital have been invested to improve old railroads or to build new ones. Modern agricultural machinery is used and even the inferior breeds of sheep and cattle have been replaced by new blooded stock. The sugar industry of Cuba has been developed into the present scientific organization and the extractive industries throughout the southern continent have been equipped with the most modern machinery.

What about the future trends? Some changes are already visible in the increasing production of certain agricultural commodities in the Far East and in Africa, where comparatively cheap land and cheap labor offer the greatest opportunities. The growing of plantation rubber affords a very interesting example. It is perhaps reasonable to expect that the increasing cost of labor and land in Latin America will bring about a decrease in the export of foodstuffs and

raw material, and that a very large part of such commodities as sugar, tobacco and cotton, which are now exported, will be consumed internally.

Domestic industries — many of them already well established — will soon meet the demand from the daily necessities of the people. This presupposes a combination of social advancement and industrial progress and a high level of general prosperity.

The same tendencies which may be said to have existed in the cattle-raising and domestic industries, are also found in the development of the oil industry. Before the World War, oil was found in only one country, Mexico, but at the present time, oil has been discovered in almost all the Latin American countries. The discovery of tremendous oil resources has been, and to a much greater extent will be, the most important factor in the economic development of our neighbors to the south. Just as centuries ago the power and prosperity of Spain were due to the tremendous resources of gold and silver in the Spanish colonies — to-day oil would seem to be at least as important as the precious metals.

According to an estimate by the Geological Survey of the United States, the approximate supply of petroleum available is divided as follows:

	Barrels[1]
United States and Alaska	7,000,000,000
Mexico	4,525,000,000
Northern South America, including Peru	5,730,000,000
Southern South America, including Bolivia	3,550,000,000
Southeastern Russia, Southeastern Siberia, and Caucasus	5,830,000,000
Persia and Mesopotamia	5,820,000,000

Taking these figures as approximately correct, the oil supply of Latin America is twice as great as that of the United States, and more than twice that of either of the other great divisions mentioned.

[1] Of 42 gallons.

Latin American oil production is about one-sixth of the annual world production and one-fourth of the production in the United States. The figures are:

OIL PRODUCTION IN LATIN AMERICA

	1927 Metric Tons[1]	1928 Metric Tons
World production	178,044,386	187,674,434
United States	128,017,000	127,152,006
Latin America	23,707,400	30,116,412
Venezuela	9,147,700	15,590,070
Mexico	9,119,300	7,654,852
Colombia	2,073,800	2,768,581
Peru	1,392,040	1,617,742
Argentina	1,235,790	1,302,214
Trinidad	738,770	1,182,953

Physical and Social Conditions

The immense size of Latin America is often no more fully realized than is its tremendous wealth and natural resources. Brazil alone is 200,000 square miles greater than the entire United States (excluding Alaska). A country like Chile is twice as large as California and four times as large as the State of Nebraska. Mexico is as great as Wisconsin, Nebraska, Ohio, Indiana, Illinois, Minnesota, Missouri, Michigan, Kansas, Iowa, Vermont, Connecticut, North Dakota and South Dakota. To compare with Europe, Argentina, for instance, is larger than the combined area of France, Italy, the United Kingdom, Spain, Belgium, Germany, Norway and Sweden. Colombia is greater than France, Holland and Belgium together. Even Costa Rica is far larger than the North American states of Vermont, New Hampshire and Connecticut. The total area of Latin America (over 8,000,000 square miles) is twice that of all Europe.

[1] Equivalent to 284 gallons.

With a total population of only about 85,000,000 people it is one of the least densely populated areas of the world.

The negro problem is not as acute as in the United States, and Argentina, Uruguay, Bolivia, Ecuador, Peru and Costa Rica have practically no negro population. But the Indian population is large, in Nicaragua seven-eighths of the whole population. In Brazil there are almost 2,000,000 Indians; in Bolivia 1,000,000. Nevertheless, taking South America as a whole, there exists no Indian social problem, due to the fact that the original Indian population has been almost entirely assimilated with the white men.

Migration from the overpopulated countries of Europe has been partly checked by North America, but there is still room for many millions in the fertile lands of South America. The immigration question is solved differently in South America than in the United States. If there is real restriction in any country of Latin America, it is to keep out undesirable elements, there being only nascent effort to protect native labor against foreign competition. That South America is less populated than the United States is due to the facts that Spain maintained a policy of isolation and that, after the independence of the Latin American States, conditions in the most of them were often too unstable for immigration. Only recently, during and after the World War, has increased immigration begun from the Southern European countries and Germany. Among the reasons that can be mentioned are: firstly, immigration restrictions in the United States; secondly, the recently developed steamship service; and, thirdly, the favorable attitude of the different governments toward immigration.[1]

The Italian element has recently become almost as important as the original Spanish, and among the smaller landowners we find a large Italian percentage.

But the German element is also increasing, especially in Brazil, Argentina and Chile. Large colonies preserving their national German character are found in Valdivia, Chile, and in many states of Brazil, where the Germans

[1] J. Warshaw, *The New Latin America.*

practically dominate the states of Santa Catharina and Rio Grande do Sul. The Germans are engaged mostly in agriculture, but within recent years they have helped swell the urban element, particularly in Brazil and Chile.

The following figures covering the past 50 years indicate the trend of immigration in Argentina, Brazil and Mexico:

IMMIGRATION IN ARGENTINA, BRAZIL AND MEXICO

Argentina		Brazil		Mexico	
Italians .	. 2,250,000	Italians	. 1,300,000	Spaniards .	30,000
Spaniards	. 1,500,000	Portuguese	976,000	North Americans	29,000
French .	. 210,000	Spaniards .	468,583	French . .	5,000
Germans	. 60,000	Germans .	123,000	English . .	5,000
British .	. 53,000	British .	22,000	Germans .	4,000
North Americans	6,000				

There exists a general feeling in the United States that the Latin Americans are not as industrious as we are, but they are not "effete" at all. The traveler will be astonished at the efficiency exhibited in the greater ports. Buenos Aires and Rio de Janeiro have modern and fully equipped harbors, with the necessary manual labor to be applied every time a ship comes in.

Means of transportation, as far as waterways are concerned, are better than in any similar area in the world and extensive coastlines make a commercial marine possible for almost all the countries. Mexico, as an example, has almost 6,000 miles of coastline, about 1,600 miles on the Atlantic, and on the Pacific Coast more than 4,200 miles. Brazil has a coastline of about 5,000 miles. Argentina's coastline is as long as that of the whole Atlantic Coast from Florida up to Nova Scotia. Chile's is over 3,000 miles. All except one Latin American country has access to the sea. Bolivia, the exception, is handicapped in the exportation of its tremendously rich resources, being confined to a single railroad line.

The river systems in South American countries, especially in Brazil, provide excellent communication between almost all regions, at least east of the Andes. The Amazon has a total length of more than 3,800 miles. Waterfalls could supply necessary power for the electrification of almost every part of the country.

While South and Central America are fortunate in possessing extensive systems of waterways, there is an urgent need for more railroads, highways and automobile roads. Foreign capital has to a large extent been invested in railroads and highways, but the average railroad mileage in Latin American countries is still far behind the average of other countries. Nevertheless, great progress is taking place, especially in the rapidly advancing A, B, C countries. Buenos Aires, for example, has an elaborate railroad system extending into the interior, and all the Argentine provinces are connected by means of several lines. The reason for the development of rail communication is that most of the railroads are built with private foreign capital, such investments yielding, as a rule, a regular and satisfactory income.

Highways, on the other hand, yield little or no income, and are, therefore, not a desired field for the investment of private capital, being largely built by government initiative. However, the steadily increasing use of automobiles and motor trucks renders it necessary to build highways and, in almost all the countries, we find automobile roads under construction, especially in Venezuela, Chile and Argentina. American capital has been particularly instrumental in providing Cuba, Salvador, Guatemala and Porto Rico with extensive highway systems, and is employed for the same purpose in Colombia, and the Dominican Republic.

Our southern neighbors realize that their prosperity depends not only on railways and waterways, but even more on automobile highways. All Latin America in 1928 had a road and trail mileage of only 340,000 as

compared with 243,000 in Africa and over 3,000,000 miles of road in the United States and 2,000,000 in Europe.[1]

The big cities are built mostly after the French design. Very beautiful theaters, churches and official buildings are found in all the larger cities. Buenos Aires has its Colon Theater, a $10,000,000 building much larger than the Metropolitan Opera House in New York. The Cathedral in Mexico City is the fourth largest in the world, only surpassed by St. Peter's, St. Paul's and the Cathedral of Seville.

Habana and Buenos Aires are already greater ports than any in the Western Hemisphere, with the exception of New York. Valparaiso is a close second to San Francisco.

The mountains are not only rich in minerals but give to South America most imposing scenery.

The climate all over Latin America is favorable. Even in Ecuador, situated on the Equator, the raising of sugar cane, barley and wheat is possible under an average temperature of 79 degrees Fahrenheit. Colombia has climates varying from 58 to 86 degrees, so that on the market in Bogotá bananas and peas, pineapples and potatoes are found side by side — raised within such a distance that the transportation of the fresh fruit to the capital is perfectly feasible. Uruguay has the climate of Italy, and in general we may say that South America is a "white man's land," so far as temperature is concerned.

In an area so sparsely populated and as a whole so fertile, the possibilities for expansion and development are immeasurable. In a country like Argentina the average holding is about six square miles but many ranches are as great as 500,000 up to 1,000,000 and even 2,000,000 acres, a surface greater than Rhode Island.

Theodore Roosevelt in 1914 declared, on his trip to South America: "The present century is the century of South America, as the 19th century has seen the tremendous development of the United States." Whether or not

[1] *Commerce Reports*, December 10, 1928, p. 664.

Latin America is only "starting on its way toward great prosperity, tremendous developments and a leading part in world politics," time alone will tell.

Industrial Development

Agriculture and mining are still the leading industries, but everywhere, especially in the A, B, C countries, local industries are developing and increasing to such an extent as to make the domestic demand independent of foreign imports. The slogan "Buy Home-Made Products" is being heard, and foreign imports are becoming affected by this nationalistic movement. Many foreign industries, however, have established their own factories in the Latin American states and consequently are less affected by the movement for home-made articles than they would otherwise be.

Whereas, only a few years ago, such articles as traveling bags, pocketbooks, vanity cases and card cases were imported from abroad into Argentina, to-day foreign imports of these articles are almost entirely displaced by domestic production. The same is true as regards the paper industry in Venezuela. Only a few years ago, a paper factory was established at Maracay, and to-day the importation of paper into Venezuela has considerably decreased, because the greater part of the demand for paper is met by local establishments.

Agriculture, mining and home industries were formerly carried on in an easy-going way, but the richness of the resources was so great that for centuries not only was the domestic demand met, but a large export was possible despite the admittedly inefficient system of exploitation. The situation has undergone a marked change, and to-day we find many industries in many countries equipped with the very best and most modern machinery. Mining, industry and agriculture are using the latest improvements, and the methods of exploitation are becoming more and more modern.

Cattle-raising in Argentina and Uruguay is no longer in the original primitive state, under which it was very profitably conducted for centuries. We now find in these countries the very best of thoroughbreds and a choice of wonderful livestock, bringing pastoral industry to a highly scientific and modern level. Cattle-raising has gradually become of considerable importance in nearly all the states of South America. In Paraguay, Bolivia, Mexico, Venezuela, Colombia and Peru it has become the principal industry. Even Brazil, originally not a cattle-raising state, is becoming a pastoral center.

The American packing industry has largely encouraged the development of this business. Armour & Company some years ago built in Brazil one of the largest packing houses in the world, and were followed by Swift & Company, Wilson & Company and Brazilian and British firms. Refrigeration began in 1914 as an experiment, and five years later exports of frozen beef from Brazil amounted to 55,685 tons. About 44 years ago, Argentina's total export value of frozen beef was only $1,680; in 1915 it has risen to $218,000,000, or about 40% of the country's total exports.

Early Investment Attitudes

A series of financial incidents with Mexico show other features of the state of mind which has existed but which now seems to have been largely replaced by greater mutual confidence and more normal relations.

The impact of North American investment upon Latin America is not of recent date. In the form of direct investment it runs back in some degree to the early days of commercial relations, and in an active sense its history may be dated from the so-called "Woodhouse" bonds, being a 7% $30,000,000 issue, contracted under authority of the Mexican Government with a New York firm and almost immediately declared void. A 20-year 7% bond loan contract for $2,950,000 was issued shortly after through J. W.

Corlies & Co. of New York and was approved by the Government on September 11, 1865.

These issues, which went into default, were a part of the financial complications created by a Mexican default on loans to European houses. This default led to the signing at London on October 31, 1861, of a convention [1] by which Great Britain, Spain and France agreed to intervene in Mexico to secure payment of national debt incurred during Miramon's revolutionary régime.

Art. II of the convention provides that "the high contracting parties undertake not to seek for themselves, in the employment of the coercive measures contemplated by the present convention, any acquisition of territory nor any special advantage, and not to exercise in the internal affairs of Mexico any influence of a nature to prejudice the right of the Mexican nation to choose and to constitute freely the form of its Government."

In the 60's and 70's considerable activity was manifested by United States citizens in seeking contracts for railroad construction in Central and South America.[2] An instance of the political suspicion and tension which existed at the time and which has until recently tended to complicate sound economic relations between the United States and the peoples of the western hemisphere was manifested in connection with the early history of Mexican railroad construction. Edward Lee Plumb, representing the International Railroad Company of Texas, secured a contract from the Mexican Government in May, 1873, to construct a national system of railroads. This contract was made subsequently to one executed with an English company for the construction of a railroad from Mexico City to Vera Cruz. In January, 1874, the Mexican Government revoked the contract because it was not considered

[1] 51 *British and Foreign State Papers*, p. 63. The ratifications were exchanged November 15, 1861.

[2] See, for instances, *Foreign Relations of the United States*, 1867, Vol. II, p. 277, 279; 1868, Vol. II, p. 1034; 1871, p. 242, 252, 624, 652, 660; 1873, p. 210, 673; 1874, p. 718, 723; 1875, p. 853, 925, 927; 1878, p. 550, 712, 733; 1879, p. 774, 776, 778, 811, 826; 1880, p. 97, 719; 1881, p. 771, 780; 1883, p. 63; 1888, p. 108.

sound policy to have the railroads constructed by foreigners.[1] The reissuance of the contract was approved by Congress to a company described as Mexican, but of which the directors actually consisted of six Mexicans and eight foreigners.

The question of public policy involved in the construction of railroads either by foreign companies or by foreign money continued for several years. In January, 1879, a committee of Congress reported on a railroad contract proposed with William J. Palmer & Co. of New York, the construction having as one object the connection of Mexico City with the railroad system of the United States. The committee on January 28, 1879,[2] criticized this project in round terms. The committee thought that any line "should only extend in the direction of the Rio Grande to Tampico or at the farthest to Matamoros." It thought that "competition in Mexico of American commerce with that of Europe must be by water communication and not by railroad to free Mexico from being made a colony or kind of dependency of the United States." The opinion was also expressed that "never would the committee consent to having the two republics united by iron bands, as by doing so they could hope for nothing but scorn and indignation from future generations." A typical and interesting point of view expressing more definitely the philosophy of the opposition was made in the Mexican Chamber of Deputies by Alfredo Chavero who spoke in part as follows:[3]

> . . . I tremble at this, because we are going to establish within our territory an American influence.
>
> But we have seen during the administration of the Republican party that General Grant, our friend, did not hesitate to state in a message that the manifest destiny of the United States was to acquire territory. . . .

[1] Minister Foster to Secretary Fish, January 24, 1874, *Foreign Relations of the United States*, 1874, p. 723.

[2] *Foreign Relations of the United States*, 1879, p. 787.

[3] *Foreign Relations*, 1879, p. 794.

There are two severe laws in history, and these laws are not to be forgotten.

The first is this: Border nations are natural enemies. We have no difficulties either with England, which we do not recognize, nor with France with whom our relations are severed, nor with Austria, for whom we have shot an archduke; but we have them with the United States, the border nation on the north, and with Guatemala, the border nation on the south.

Hence, sir, the United States according to the law of history are naturally our enemy. What ought we to do? Be always strong, be always prepared, even in the moment of greatest friendship with them. . . .

There is also another law in history; Nations of the north necessarily invade the nations of the south. . . .

. . . And shall we be so insane as to consent to the establishment of an American influence by a company which will embrace the whole country, as the committee has said, all our sections and all our roads? . . .

We desire material improvements; we have approved of the general idea of the construction of the railroad; but we do not wish to subject ourselves either to the ridicule of granting this railroad to a company which has not the necessary funds, nor to a danger for the independence and the future of the country.

For this reason, I pray you, gentlemen deputies, to reject the article discussed. The committees at the most offer you riches for the country; I beg you for liberty.

The relations of the United States to Latin American progress and economic life has attracted much attention and resulted in much argument. For historical reasons, the United States has assumed special relations of supervision over several of the countries in the Caribbean area. This series of actions has resulted in much discussion both in the United States and Latin America, and many times uncertainty as to the limits of the intentions of the United States has created suspicion as to its objects. Such suspicion has frequently not been allayed by the lack of coincidence between action taken and explanation of the policy involved. It is believed that a passage in President Roosevelt's message to Congress of December 6, 1904,

represents the intentions of the United States respecting Latin American countries: [1]

It is not true that the United States feels any land hunger or entertains any prospects as regards the other nations of the Western Hemisphere save such as are for their welfare. All that this country desires is to see the neighboring countries stable, orderly and prosperous. Any country whose people conduct themselves well can count upon our hearty friendship. If a nation shows that it knows how to act with reasonable efficiency and decency in social and political matters, if it keeps order and pays its obligations, it need fear no interference from the United States. Chronic wrongdoing, or an impotence which results in a general loosening of the ties of civilized society, may in America, as elsewhere, ultimately require intervention by some civilized nation, and in the Western Hemisphere the adherence of the United States to the Monroe doctrine may force the United States, however, reluctantly, in flagrant cases of such wrongdoing or impotence, to the exercise of an international police power. . . . Our interests and those of our southern neighbors are in reality identical. They have great natural riches, and if within their borders the reign of law and justice obtains, prosperity is sure to come to them.

Pan American Cooperation

The series of international conferences of American states has continued since 1889, and the Pan American Union has functioned since 1890. The six conferences held have adopted a large number of conventions and passed very numerous resolutions which have had a distinct effect in facilitating the development of social, cultural, economic and financial activities in all the American states. Questions of transportation have received much attention, and extensive railroad building has been aided by the agreements effected. A system of Pan American trade-mark registration exists. Postal and other communication arrangements have been made in matters too numerous to mention. Resolutions respecting economic and commercial matters have progressively received

[1] Richardson, *Messages and Papers of the Presidents*, p. 7053.

attention. Some idea of the extent of the improvements agreed upon in the conferences can be gathered from the fact that the Sixth Conference at Habana in 1928 adopted 11 conventions, eight motions, three agreements, and 60 resolutions. A considerable number of matters have been independently handled. Financial and commercial matters are continuously studied with a view to agreement by the Inter-American High Commission. Financial and commercial congresses are regularly held. The Pan American Sanitary Union functions. Standardization is being sought. All these efforts contribute to accelerating the progress of Latin American countries.

Resolutions of the Habana conference of interest to the investing public and indicative of the character of cooperation which exists are given below:

Common Unit of Currency. The Sixth International Conference of American States resolves:

To recommend to the Governments of the states the consideration of the adoption of a common unit of currency for all of them, the following data to be given in the studies and reports which may be issued:

Value of the unit of currency; its weight, fineness, name and standard; and the other pertinent special circumstances.

It further recommends to the states that they communicate to each other, for greater accuracy of the study, the projects which they have respectively prepared, and that, once the studies have been completed by the States, they communicate them to the Pan American Union not later than two years from the date of the present resolution.

Taking as a basis the aforementioned studies and projects prepared by the states, the Pan American Union shall draft the definitive project. Once the project of the Pan American Union is drafted, it shall be communicated to the states so that they may express their opinions.

Finally, the project of a common unit of currency, prepared by the Pan American Union, together with the observations made by the states, shall be submitted to the Seventh International Conference of American States for the definitive adoption of the common unit of currency. (February 13, 1928.)

Commercial Associations. The Sixth International Conference of American States resolves:

I. To recommend that the Fourth Pan American Commercial Conference be mainly formed of representatives of the commercial associations of the American Republics and that above all it study the most efficacious way of increasing and strengthening the relations between the commercial organizations of the countries members of the Pan American Union.

II. To recommend that the commercial associations of America establish among themselves the closest possible relations of cooperation, and that they exchange regularly all publications relating to the commerce of America.

III. To recommend to the Pan American Union that it continue to publish the statistics of the foreign commerce of the American Republics, and that it also cooperate toward putting into effect the conclusions of the Pan American Commercial Conferences. (February 3, 1928.)

Stock Companies.. The Sixth International Conference of American States resolves:

1. To recommend to the countries of the Pan American Union that they reform their legislation in the sense of permitting the organization of stock companies without their expressing either the value of their capital or that of their shares, and whose shares may be divided into several categories with different rights in respect to voting and other activities in the management of the corporation, and permit limited or unlimited participation in the company assets and in the profits.

2. That mortgaging of future property be facilitated by subjecting its effectiveness only to the acquisition of such property and to the registration or other formalities not requiring the debtor's consent; that the issuance of different kinds of bonds and other obligations, with or without guaranty, whether or not granting participation to the creditors in the conduct of corporate affairs, be permitted; and that no requirement be made to the end that mortgages guaranteeing those bonds and obligations be definitely limited to a fixed amount. (February 18, 1928.)

The period of instability and of political unrest in Latin America has to a certain extent passed. Currency reform and stabilization of exchange have been accomplished in

many of the republics through the establishment of banking systems modeled, in many instances, after the Federal Reserve system. Within ten years, no less than ten Latin American countries have had American financial advisers.

Professor Kemmerer, who has acted as financial adviser to seven Latin American republics, gives three principal reasons why governments are looking for American financial experts and advisers:

1. The belief that the United States is comparatively free from ambitions of political aggrandizement.
2. The economic and financial prosperity of the United States in recent years.
3. The desire to attract American capital.

On many occasions the present rapid expansion of United States investments in Latin America has been criticized as a special kind of "dollar diplomacy," and often the burdens imposed upon borrowing states in the case of public loans have been considered too onerous. With few exceptions, this has not been true. In recent years competition among investment bankers in the United States has been to the borrower's advantage. Increased burdens are met by the increasing revenues from the growing wealth of the countries.

As a general rule, recent loans are used for constructive purposes, and earlier loans bearing higher coupon rates are being refunded so that the credit standing of several countries has been considerably improved. The principal means of communication, railroads and waterways, have been improved. Rural highways have been constructed or are under construction in almost every Latin American country to meet the demand for better automobile roads. Sanitary conditions have been improved through modern waterworks and sewerage systems.

The heavy investments in private industries and agriculture are the primary reason for the greater wealth and the rising standard of living. An era of intensive development and increasing wealth and prosperity is just beginning in Latin America, and there is no doubt but that future

progress will be even much more noteworthy than the much improved economic conditions of to-day.

United States investments in some regions of the Caribbean area have led to rapid development and increased total prosperity at the expense of individual opportunity for attaining independent prosperity. Elsewhere the constructive value of capital migration has been scarcely questioned. The rapid conforming of economic life in the Latin American countries to the mechanism of financial and industrial practice has notably discouraged the conditions of political unrest which formerly created much friction. Governments are not borrowing for revolutionary purposes but for constructive objects. As a consequence, the terms they can seek bear a closer relation to the financial risk involved. The expansion of competition among lending syndicates contributes to the technical fairness of the contracts made, and the imposition of onerous terms upon the borrower has become unlikely, considering his ability to choose between competitive offers. As a result, Latin America now seeks loans in the United States under substantially normal conditions for borrowers. The likelihood of friction of a character abnormal to financial transactions, therefore, tends to decrease.

III. FEATURES OF INTERNATIONAL INVESTMENT [1]

The economic relations of the United States with the territories of the western hemisphere are perhaps more interesting than those with any other part of the world. Leaving Canada out of account, relations are maintained with 20 independent Governments, with Porto Rico and the Virgin Islands, which belong to the United States, and with the three Guianas (British, Dutch and French), as well as with island possessions of non-American countries. Of the several countries bordering on the Gulf of Mexico and the Caribbean Sea, five, Cuba, Dominican Republic, Haiti, Nicaragua and Panama, have special political relations with the United States which have encouraged the development of economic relations. The fact that Mexico is a neighbor of the United States has proved to be of economic importance. Generally speaking, the United States is much more fully developed industrially than Latin America, and, as a consequence, mutual commercial relations consist largely of the export of manufactured products from the United States and the importation of raw materials, natural or cultivated, from Latin America.

"The dictum, 'trade follows loans,' has undoubtedly, as many years of experience have shown, especially in the case of Great Britain, a sound foundation in fact,"[2] says Thomas W. Lamont. The industrial advance of the United States and the wealth resulting from mass production have combined to concentrate the attention of the economic interests of the United States upon Latin America as an area for

[1] This chapter has been added to Dr. Winkler's original manuscript. — D. P. M.

[2] *Proceedings of the Academy of Political Science*, Vol. XII, p. 944.

(1) The sale of goods;
(2) A source of materials;
(3) An area for the development of additional resources;
(4) An outlet for surplus capital.

The exchange of goods and materials between the United States and Latin America has witnessed a steady growth for a quarter of a century and constitutes a rising percentage of the total trade of the United States on the one hand and of the 20 republics on the other. In 1927, the United States trade with Latin America was 22.2% of its total trade, and the United States absorbed 35% of the exports of Latin America. A considerable, but unknown, part of this trade is accounted for by the active and progressive exploitation of Latin American resources by United States concerns. The United Fruit Company and a number of American sugar companies have developed plantations and local establishments in Latin American countries which have inevitably increased the volume of trade. Commerce with Costa Rica and Cuba, for instance, partially results from direct investment of capital. Packing interests have established themselves in Argentina, mining interests in Chile, Mexico and Peru, oil interests in Colombia, Venezuela and Mexico, etc. In all such cases the result has been an increase of trade in both directions and the continuous investment of private capital in the enterprises or industries of Latin America.

Until conditions following the close of the World War had established the United States as the principal capital reservoir of the world, agricultural, commercial, industrial and mining investments constituted the principal forms of the employment of United States capital in Latin America. To be sure, such enterprises frequently involved the construction of railroads, warehouses, etc., for their efficient operation; and such construction frequently became independent businesses. But until the closing of the European capital markets in 1914 as a result of the World War, the New York capital market was not visited with

any regularity by the directors of Latin American enterprises seeking additional funds. Since 1914, Latin Americans have regularly sought capital in New York. The Department of Commerce computes a total of $966,701,099 of Latin American corporate issues offered publicly in the United States between 1914 and 1928 in 162 issues.[1] Of this amount, $175,883,883 is estimated as refunded to Americans, leaving $790,817,216 as new nominal capital. The value of corporation securities is determined by the rules of economics and such issues customarily excite no public concern and raise no question of public policy.

During the same 14 years, Latin American Governments secured 191 loans of a nominal value of $1,897,625,750 in the United States. Of this amount, $395,250,413 was estimated as refunded to Americans, leaving nominal capital issued to the extent of $1,502,375,337. These 191 issues comprised loans negotiated by national and provincial governments and municipalities, as well as corporate issues officially guaranteed or controlled.

The summaries of the Department of Commerce have been confined to issues publicly offered in the United States. While the government issues compiled by the Department may be regarded as a complete record, the investment of United States capital has been more extensive than the figure for corporate issues indicates. Credits extended to foreign Governments, banks and corporations, the flotation of Latin American securities on the United States market and direct purchase of Latin American enterprises by American corporations or the investment of additional capital for expansion of existing American enterprises in those countries have been included in the estimates of the annual balance of payments by the Department of Commerce.

Taking the prewar investment into account and all these additional factors, we estimate that the total of United States investments in Latin America at the beginning of

[1] *American Underwriting of Foreign Securities in 1928*, p. 6 (Trade Information Bulletin, No. 613).

1929 was $5,587,494,100, of which about 30% was loaned to Governments. The total of United States investments abroad is estimated to be, roughly, $15,000,000,000, so it would appear that approximately one-third of the total capital exported from the United States has gone to Latin America.

The admission of foreign issues to the New York stock exchange dates back scarcely 30 years. In 1899, a Mexican Government bond issue was floated in New York. In August, 1914, it is said that only a dozen foreign issues had been put on the New York market. By the end of the year 19 others had been floated. While probably not more than one-third of the issues (by number or value) are Latin American, the increase of foreign issues listed on the New York stock exchange is interesting:

Date	Bonds	Stocks	Foreign Bonds and Stocks
1900	839	377	–
1910	1,013	426	–
1915	1,096	511	–
1925	1,332	927	184
1926	1,367	1,043	206
1927	1,420	1,081	248
1928	1,491	1,097	310
1929	1,534	1,177	370

The 370 foreign issues listed on January 1, 1929, consisted of 198 Government bonds, 137 company bonds, and 35 foreign stocks. Of the 198 foreign Government bond issues, 90 were of Governments in the western hemisphere and represented 35 national and subdivisional Governments, including Canadian.

The following table of listings on the New York stock exchange shows issues and market values as of January 1, 1929:[1]

[1] *New York Stock Exchange, Report of the President, 1928,* p. 72.

FOREIGN ISSUES ON NEW YORK MARKET

Security	Number of Issues	Per Cent to Total Issues	Market Value	Per Cent to Total Value
Total	2,711	100.00	$114,851,081,802	100.00
Total foreign issues . .	370	13.65	19,594,061,076 (7,172,473,300)[1]	17.06
Foreign government bonds	198	7.30	16,552,652,272 (4,131,064,496)[1]	14.41
Foreign company bonds .	137	5.05	1,648,700,716	1.43
Foreign company stocks .	35	1.29	1,392,708,088	1.21

The increase of foreign company shares on the stock exchange have been as follows: 1925, 65,113; 1926, 275,-758; 1927, 1,075,107; 1928, 8,796,223.

Government Loan Transactions

The relation of public debt transactions to foreign investment in Latin American countries is more than ordinarily diverse. Since their independence, almost all of the Latin American states have encountered difficulties in public finances.

The majority of them have been in default on foreign loans. The conditions which caused default are for the most part things of the past. Unsettled political conditions in many countries resulted in revolutions and the support of the revolutionary group by the income from seized custom houses. The keeping of treasury accounts has in some instances been very poor, so that the officials themselves do not know the financial condition of the country; while occasionally account keeping was extraordinarily clever and was done with a view to creating a wrong impression. In the past many public men tended to regard the public funds as appertaining to the holders of office. With such conditions prevailing in the 50's, 60's, and 70's of the

[1] Represents the deduction of the value of two British Government sterling war loans ($12,421,587,776), only a small proportion of which is held in the United States.

last century, many unsound loans were floated by lenders without a full sense of responsibility. Defaults in the early 70's called the situation to the attention of the British Parliament, and an investigation in 1875 resulted in a presentation of facts which materially improved conditions. Several Latin American countries, however, still suffer from the reckless period of their public finances.

At present the public finances of Latin American countries, as a whole, are in a sounder condition than ever before. A number of them have reconstructed their financial systems [1] and have adopted scientific methods of handling the public funds. A number of states have liquidated all old and questionable indebtedness and can present budgetary accounts of a high character.

An increasing number of Latin American states are able to borrow in the financial markets solely on the basis of their own credit. In the 10 years since the World War a number of states have improved their financial situation so that they are able to borrow at going rates by pledging specified revenues, the management of which they retain under their own administration. A number of states borrow at normal, or nearly normal, rates by the pledging of revenues and by the additional provision for the frequent — biweekly or monthly — remission of collections to the fiscal agent of the lenders.

A final group of states is giving guaranties involving not only the pledging of revenues such as the customs, but the transference of such revenues to the management of a foreign agent. This condition exists in Honduras, Nicaragua, the Dominican Republic, and Haiti, in all of which, except Honduras, the collector-general is appointed by the United States. In Honduras the collection is automatic on behalf of the bankers through the sale of special stamps for meeting taxes on consular invoices for imports.

[1] Experts from the United States have performed such services for Colombia, Cuba, Guatemala, Honduras, Panama and Peru, with the "cooperation" of the United States Government. Bolivia, Chile, Dominican Republic, Ecuador, Mexico and Paraguay have employed experts "without the assistance of the Government of the United States." Haiti has an American financial adviser.

From 1924 through 1928 the loans of Latin American Governments were 30% of the total Government issues floated on the American market, and in those five years amounted to $1,273,672,500. These loans were made by central governments, provinces, municipalities, and included corporate issues officially guaranteed.[1] The purpose of loans revealed both constructive objects and an increasing indication of sound financing. Of the total of Government loans issued in the United States in 1928 by foreign Governments, $642,726,000, a total of $274,786,087 was for public works, and of this amount $145,061,087 was taken by Latin America. Practically all the other loans in the United States by Latin American Governments in 1928 were used for refunding. Out of a total of $182,547,000 of Latin American refunding loans in 1928, $108,792,000 was employed for refunding on previous American loans; $57,-855,000 was for refunding and consolidating internal funded and floating indebtedness, and $15,900,000 of the loans was employed for refunding loans previously negotiated in other countries.[2] Coupled with the various debt adjustments and arrangements to liquidate defaulted debts which have taken place since 1921, it may safely be said that the finances of Latin American Governments, in general and from the point of view of international investment, are in better shape than at any previous time.

One of the curiosities of international financial transactions is the transfer of money for other than economic reasons. A treaty signed at Bogotá, Colombia, on April 6, 1914, between the United States and Colombia provided for "the settlement of differences arising out of the events which took place on the Isthmus of Panama in November, 1903," when Panama declared its independence, and the United States by its recognition of the act contributed to the establishment of Panama as a state. By this treaty, which entered into force on March 1, 1922, the United States agreed to pay Colombia the sum of $25,000,000 in five

[1] Eugene W. Chevraux in *Commerce Reports*, January 28, 1929, p. 191.

[2] *Ibid.*, April 1, 1929, p. 3.

annual installments. The transaction might be viewed as an export of capital from the United States without counter obligations. By September, 1927, the whole sum had been paid. The money was used very much as a loan for public purposes might have been employed. An American commission of financial experts in 1923 recommended the establishment of the Bank of the Republic. The first instalment of the American indemnity was transmitted by airplane to constitute the initial capital of this bank. Another sum of 1,000,000 pesos was assigned as capital of the Agricultural Mortgage Bank, on behalf of which Colombia has frequently applied to the American market for funds. The remainder of the payments was devoted to the capital and improvements of 16 Colombian railroads and sundry public works, for all of which there was pressing need.

Another instance of a similar character is to be found in Peru, for which the French banking house of Dreyfus Brothers & Co. had acted as selling agents for guano and as fiscal agents between 1869 and 1879. The accounts of the complicated transactions involved became the source of misunderstandings, and in 1914 the Governments of France and Peru submitted the claims of the Dreyfus creditors to the Hague Permanent Court of Arbitration, which on October 11, 1921, fixed the sum due from the Government of Peru at 25,000,000 French francs.

By Art. XIV of the treaty of November 18, 1903, the United States agreed to pay to Panama an immediate sum of $10,000,000 and a sum of $250,000 annually during the life of the convention, which granted "to the United States in perpetuity the use, occupation, and control" of the Panama Canal Zone. This annual payment is a part of Panama's budgetary receipts which does not depend upon the commercial or financial position of the republic. It is particularly suitable as security for loans. The same republic also has what is called the "constitutional fund" amounting to $6,000,000, invested in New York real estate first mortgages. The income from this is also used as loan guaranty.

Complications of Investment Network

Not until the methodology of handling the statistics of international investments is perfected will any attempt to exhibit all the factors in the migration of money be fully accurate. One fundamental difficulty in attaining full accuracy is the constant operation of sinking funds or amortization provisions in loans. In the succeeding pages no effort has been made to indicate the details of sinking fund or amortizing provisions, but due dates have been recorded and with that key the reader will be aware that the original amounts are in most cases no longer completely outstanding.

Three technical conditions affecting all loans should be mentioned. The first is that the price of issue is frequently under the par due at repayment, so that the nominal amount of a loan is frequently not representative of the amount of capital exported under the terms of its contract.

The amount of exported capital is further reduced by the commission received by the investment bankers handling the transaction. This discount, unlike the price of public issue, has not been indicated.[1] Its amount depends upon the salability of the loan to the investor and upon general market conditions. In the very great majority of cases in recent years investment bankers have bid keenly for the opportunity of handling loans, and in general it may be assumed that commissions paid have been reasonable under the circumstances involved. It should be noted that such commissions in one sense represent a counterflow of capital, since they are payment by the borrower to the lender for agreed services rendered.

The third technical condition is the market price of securities on the exchange. This price is naturally reflective of all the conditions that are brought to bear upon the market price of securities on the open exchange, in addi-

[1] The discount on $300,000,000 of 1928 issues was stated to be $63,000,000 (*Commerce Reports*, May 13, 1928, p. 385).

tion to any special conditions occurring in the country concerned.

In attempting to estimate the extent of foreign investment in a given country the complications of incorporated industry are encountered. Frequently under the banking laws a branch bank must be equipped with its own capital. In that case, the amount of exported capital for the purposes of the branch is known; but the very conditions of being a financial outpost cause its capital requirements to fluctuate. If a railroad buys locomotives under ordinary conditions, the transaction figures as a normal commercial one; but if it formalizes purchase under a loan contract, the nominal amount of the contract will appear in the records as an investment of the selling company. If a commercial, industrial or mining corporation finances separately an enterprise in a foreign country, the capital involved will figure as an international investment. But if it draws from its own treasury the funds for establishing the separate company, the resulting international investment does not readily appear. If a subsidiary thus originated is accorded an autonomous position and stocks or bonds representing its capital requirements are placed on the market, their nominal value in whole or in part becomes identifiable as a foreign investment. If, however, the subsidiary remains closely connected in finances and management with the parent company because of specialized functions or other reasons, there exist no data for determining the proportion of the combined balance sheet that is attributable either to international investment or international trade.

Bearing in mind that Latin American investments are about one-third of the United States total, the following effort of the Department of Commerce to bring all the elements into a single view is excerpted from the estimated "Balance of International Payments of the United States, 1928"[1] and printed on the following page.

[1] Trade Information Bulletin, No. 625.

MOVEMENT OF UNITED STATES CAPITAL INVESTMENTS

(In millions of dollars)

	1927 (Revised)			1928		
	Credits	Debits	Balance	Credits	Debits	Balance
Private Long-Term Capital						
New American investments abroad:						
1. Foreign securities publicly offered here (par value)	–	1,537	−1,537	–	1,483	−1,483
2. Deduct for "estimated refunding to Americans"	235	–	+235	237	–	+237
3. Deduct for American underwriters' commissions	63	–	+63	59	–	+59
4. Deduct for securities issued below par	56	–	+56	63	–	+63
5. Add new "direct investments" abroad by Americans	–	257	−257	–	378	−378
6. Add foreign stocks and bonds bought from foreigners in small lots	–	166	−166	–	568	−568
Reductions of previous American investments abroad:						
7. Bond-redemption payments received from foreigners	200	–	+200	260	–	+260
8. Sinking fund payments received from foreigners	104	–	+104	101	–	+101
9. Resale to foreigners of direct investments	51	–	+51	50	–	+50
10. Foreign stocks and bonds resold to foreigners	398	–	+398	442	–	+442
New foreign investments in the United States:						
11. Direct investments	28	–	+28	70	–	+70
12. American stocks and bonds sold to foreigners	861	–	+861	1,634	–	+1,634
Reductions of previous foreign investments in the United States:						
13. Redemption and sinking fund payments to foreigners	–	70	−70	–	70	−70
14. Purchase of American properties from foreigners	–	–	–	–	–	–
15. American stocks and bonds bought back from foreigners	–	661	−661	–	1,153	−1,153
Total private long-term capital items	1,996	2,691	−695	2,916	3,652	−736
Short-Term Capital						
Net change in international banking accounts, as revealed by questionnaire	–	–	–	–	226	−226

One is more and more in the presence of the truly international corporation, the funds of which are not distributable among political states beyond the extent to which the stock- and bond-holding beneficiaries may be identified by nationality. The Standard Oil Company of New Jersey, which is incorporated in Delaware, in 1928 became a holding corporation, the net assets (capital and surplus) of which at the close of that year amounted to $1,090,148,929. It owns or is affiliated with the following companies operating in Latin America:

International Petroleum Company, Ltd., producing, refining and marketing in Peru and Colombia;
Standard Oil Company of Cuba, refining and marketing in Cuba;
West India Oil Company, refining and marketing in the West Indies and Central and South America;
Standard Oil Company of Brazil, marketing in Brazil;
Compañía Transcontinental de Petróleo, producing in Mexico;
Standard Oil Company of Argentina;
Creole Petroleum Corporation, producing in Venezuela;
Trinidad Oil Fields Operating Company;
Standard Oil Company of Bolivia.

The International Telephone and Telegraph Corporation is an illustration of a company of American origin which has acquired properties, constructs installations, and manages systems in many countries. It has an authorized common stock of 2,500,000 shares ($100 par), and on April 27, 1929, the total number of stockholders was 18,043, to which figure will be added some 1,300 British stockholders in the United River Plate Telephone Company, Limited of Buenos Aires, of which the corporation had acquired 99.9% of the stock. The employees of the corporation and its associated and affiliated companies throughout the world are stockholders. Of 47 associated and affiliated companies in this corporation, whose balance sheet of December 31, 1928, showed resources of $389,914,000, the following operate in Latin American countries:

All America Cables, Incorporated	New York, N. Y.
Chile Telephone Company, Limited, The	Santiago, Chile
Companhia Telephonica Rio Grandense	Porto Alegre, Brazil
Compañía Internacional de Radio	Buenos Aires, Argentina
Compañía Internacional de Radio, S. A.	Santiago, Chile
Compañía Telefónica Argentina	Buenos Aires, Argentina
Cuban American Telephone and Telegraph Company	Habana, Cuba
Cuban Telephone Company	Habana, Cuba
Havana Subway Company	Habana, Cuba
Radio Corporation of Cuba	Habana, Cuba
Compañía Standard Electric Argentina	Buenos Aires, Argentina
Mexican Telephone and Telegraph Company	Mexico City, Mexico
Montevideo Telephone Company, Limited	Montevideo, Uruguay
Porto Rico Telephone Company	San Juan, Porto Rico
Radio Corporation of Porto Rico	San Juan, Porto Rico
Sociedad Cooperativa Telefónica Nacional	Montevideo, Uruguay
United River Plate Telephone Company, Limited	Buenos Aires, Argentina

All America Cables, Incorporated, became associated with the International Corporation in 1927 and operates 27,000 nautical miles of cables and connecting land lines extending to 23 countries and islands, while with its connecting companies it serves practically all the islands in the West Indies and all countries of Central and South America. All America Cables by an agreement of December 31, 1928, with the Compagnie Française des Câbles Télégraphiques will operate for 12 years the United States and Haiti Telegraph and Cable Company and the French Antilles Cable System connecting Cuba, Haiti, Santo Domingo, Porto Rico, St. Thomas, Curaçao and Venezuela. The total submarine cables of the International Telephone and Telegraph Corporation system total approximately 65,000 nautical miles and include the lines of the Postal Telegraph and Cable Corporation and the Commercial Cable Company.

Another type of American corporation is the United Fruit Company, which operates throughout the countries of the Caribbean area essentially as a unitary organization. On December 31, 1928, it had capital stock and surplus of $181,029,000. Among its fixed assets were land, buildings, equipment, cultivations, etc., in the tropical area valued at $111,346,598, and the ships engaged in its business were valued at over $29,000,000. The company does not publish figures of its assets by countries, but its assets by type in Central America, the northern coast of South America, Cuba and Jamaica were as follows:

HOLDINGS OF UNITED FRUIT COMPANY

Lands	$23,814,054.76
Houses and buildings	13,552,578.63
Cultivations	20,818,109.79
Live stock	2,160,980.65
Equipment	12,392,967.10
Railways and tramways	27,430,200.32
Wharves, boats, etc.	1,288,870.25
Sugar mills	9,888,836.76
TOTAL	$111,346,598.26

The total acreage of land held by the company was 2,477,285, of which 1,983,028 were unimproved. The lands were owned outright with the exception of some 150,000 acres on lease. The total lands under cultivation were in the following countries and for the following purposes:

	Acres
BANANAS:	
Colombia	29,818
Costa Rica	13,980
Guatemala	26,860
Honduras	73,769
Jamaica	9,710
Panama	13,176
Canary Islands	885
Total banana acreage	168,198
SUGAR:	
Cuba	92,047

	Acres
CACAO:	
Costa Rica	22,093
Guatemala	105
Jamaica	88
Panama	23,711
Total cacao acreage	45,997
COCONUTS	7,727
OTHER MISCELLANEOUS PRODUCTS	9,172
PASTURES	117,272
TOWN SITES, ROADS, LOTS, FIRE LINES, ETC.	55,360
Total improved acreage[1]	495,773

The United Fruit Company owned or operated 1,642 miles of railways and 681 miles of tramways. The properties owned were given as follows:

	Railways	Tramways
MILES OWNED:		
Colombia	29.92	5.35
Costa Rica	91.78	283.37
Northern Railway Co.	54.99	–
Cuba	340.89	–
Guatemala	114.82	163.23
Honduras	460.28	165.61
Jamaica	78.98	24.00
Panama	270.54	39.39
Total owned	1,442.20	680.95
MILES OPERATED:		
Costa Rica	188.52	–
Jamaica	11.39	–
	199.91	
Total miles owned and operated	1,642.11	680.95

An illustration of the rapid changes taking place in the Latin American investment field is afforded by the American

[1] Includes acres interplanted, 1,516.

and Foreign Power Company, Inc., a subsidiary of the Electric Bond and Share Company. Its total investments on December 31, 1927, amounted to $108,186,629 and had increased on the same day in 1928 to $285,565,840. The company is the largest American holder of foreign public utilities systems, and during the year 1928 reported gross earnings of $30,112,578, which come from the following:

	Gross Revenue
Cuban subsidiary	$17,395,693
Brazilian subsidiaries	6,772,790
Mexican subsidiaries	1,653,744
Panamanian subsidiaries	1,839,970
Guatemalan subsidiaries	890,357
Ecuadorian subsidiaries	397,540
Colombian subsidiaries	940,280
Venezuelan subsidiaries	222,204

In addition to increased holdings in some of the countries where properties were already in operation, the company has entered Argentina, Chile and Costa Rica.

The company's operations illustrate further another common phenomena, the transfer of properties from one foreign holder to another. In Chile and Mexico, it has acquired interests previously controlled by Whitehall Electric Investments, Ltd., of London, and in the Argentine the Atlas Light & Power Company, Ltd.

The petroleum and mining industries especially have developed quite complicated structures for foreign operations and investment. In many instances this is due to the requirement of national laws that companies exploiting national resources shall be native legal entities. Companies of the same or different nationalities have frequently combined for operations in Latin American countries. The placement of stocks of foreign corporations on the New York market has resulted in an untraceable American investment interest in various corporations active in Latin America.

A company representing a mingling of national interests is the International Light & Power Co., Ltd., chartered in 1913 under the laws of the Dominion of Canada and with

a total authorized capitalization of $20,000,000. The public utilities companies operated by it in Venezuela and Argentina are managed by an American concern, and both United States and British interests are joined with the Canadian investors.

In the course of 1929 the Intercontinents Power Company issued additional $3,000,000 of 6% debentures Series "A" due in 1948, bonds having been offered at 96 and interest. The company, which was organized for the purpose of owning and operating, directly or through subsidiaries, public utility properties in South America has now outstanding: $7,500,000 of 6% bonds due in 1948, 30,000 shares of $7 cumulative preferred stock of no par value, 100,000 shares of Class "A" common stock of no par value, and 251,000 shares of Class "B" stock of no par value. The company owns at present the entire outstanding stock of S. A. Compania Sud Americana de Servicios Publicos, which owns or has under contract electric light and power properties located in Argentina. It owns also over 90% of the capital stock of the S. A. Luz Electrica de Tres Arroyos, serving a community in the Province of Buenos Aires. In addition, this subsidiary owns two properties in southern Brazil. Intercontinents further owns the entire stock of S. A. Compania Sud Americana de Servicios Publicos of Chile, which owns the electric light and power property located in the City of Antofagasta. Net profits for the 12 months ended February 28, 1929 aggregated $1,046,691.

The change in the national complexion of the ownership of companies engaged in Latin American operations has recently become frequent. The transfer of the Lautaro Nitrate Company to a United States corporation [1] represents a type of transfer to which no exception is taken. On the other hand, the stockholders of the Buenos Aires & Pacific Railway Company in London on May 17, 1929, held a special meeting to amend the articles of association so as to prevent foreign acquisition of a voting control in the

[1] See p. 100 [856].

company. The article passed created a special register in which is recorded stock owned by or on behalf of a foreigner or foreign corporation or a corporation under foreign control, and no member of the company recorded in this special register is to be entitled to exercise any voting rights at any general meeting. At the passage of the resolution the chairman emphasized the point that it was not intended so much to protect British ownership of the company as to facilitate the exercise of the option of the Argentine Government to purchase the property. There are seven English owned railroads in the Argentine, and they all took similar action in quick succession in 1929. The customary form of the resolution was to limit foreign ownership to 20% of the issued stock.[1]

Government Loans and Intervention

Probably in no part of the world have the relations between Governments and concessionaires created greater difficulties than in Latin America. The acuteness of some of the incidents resulting from contacts between *entrepreneurs* and governmental authorities of revolutionary origin created situations which resulted in the development of two doctrines designed to protect Latin American Governments from foreign claims. As early as 1852 the Venezuelan Government endeavored to obtain an agreement among the Latin American states not to recognize claims presented by foreign Governments in matters of private interest. Carlos Calvo in his treatise on international law discussed this thesis in so cogent a way that it has come to be known as the Calvo doctrine.[2] As the so-called Calvo clause appears in contracts, it reads about as follows:

> The doubts or controversies that may arise as to the interpretation or execution of this contract shall be decided by the competent

[1] The railroads in question are: The Argentine Northeastern, the Buenos Aires and Pacific, the Buenos Aires Great Southern, the Buenos Aires Western, the Central Argentine, the Cordoba Central, the Entre Rios.

[2] Calvo, *Le Droit International*, 5th ed., Secs. 110, 204, 205, 1278.

tribunals of the republic in conformity with the laws and shall not give rise to any international reclamation.

This clause or its equivalents has been the subject of many arbitral decisions and has given rise to much diplomatic correspondence. Its validity has been both upheld and denied and discussion of it has produced some remarkable legal reasoning without producing definite rules. As a result, the view has apparently come to prevail that disputes between a foreign concessionaire and a national Government should be referred to local courts. If, however, those courts are of such a character as to warrant the claim that their operation has or might result in a denial of justice, a foreign Government may deem it advisable to intervene diplomatically. It seems to be clear that no contract of a citizen with a foreign Government can serve as a bar to his Government making his claim its own. "The right of a sovereign power to enter into an agreement" to submit to a mixed commission the claims of its citizens against another Government "is entirely superior to that of a subject to contract it away," said Umpire Ralston.[1] Apparently the propriety of methods by which a concessionaire's Government has become aware of his claim has never been discussed. The cases, however, indicate that the difference between standards of justice has been thoroughly brought out. If a Government has broken a contract, the claimant will be relieved from the stipulation barring his right to make the contract the subject of an international claim. While the subject is very complicated, the opinion seems to be that the renunciatory clause is without effect so far as concerns its changing or modifying the ordinary rules of international law.

The Drago doctrine was enunciated by Luis M. Drago, minister of foreign relations of the Argentine Republic, in a note of December 29, 1902. At the time, the Governments of Great Britain and Germany were contemplating taking forcible measures against the Government of Vene-

[1] In the Martini case, *Venezuelan Arbitrations* of 1903, p. 819.

zuela in connection with the collection of its public debt, then in default. The Drago note [1] states as a principle:

> The acknowledgment of the debt, the payment of it in its entirety, can and must be made by the nation without diminution of its inherent rights as a sovereign entity, but the summary and immediate collection at a given moment, by means of force, would occasion nothing less than the ruin of the weakest nations and the absorption of their Governments, together with all the functions inherent in them, by the mighty of the earth.

He holds that the amount of indebtedness should be legally established, but that the manner and time of payment are matters of choice, of which the debtor should not be deprived. On the other hand, the fact that collection can not be accomplished by means of violence does not render valueless the acknowledgment of the debt. Largely as the result of Señor Drago's note, the Second Hague Conference adopted a convention respecting the limitation of the employment of force for the recovery of contract debts, the essential article of which reads:

> Art. I. The contracting powers agree not to have recourse to armed force for the recovery of contract debts claimed from the Government of one country by the Government of another as being due to its nationals.
>
> This undertaking is, however, not applicable when the debtor state refuses or neglects to reply to an offer of arbitration, or, after accepting the offer, prevents any *compromis* from being agreed on, or, after the arbitration, fails to submit to the award.

No incident of the use of military force for the collection of public debts has occurred since the adoption of this convention, which has been ratified or adhered to by a number of American states: Guatemala, Haiti, Mexico, Nicaragua, Panama, Salvador and the United States. The convention was signed by the Argentine Republic, Bolivia, Chile, Colombia, Cuba, Dominican Republic, Ecuador, Paraguay, Peru and Uruguay. Of the Latin American

[1] United States *Foreign Relations*, 1903, p. 1.

states signing but not ratifying several made reservations, some of which are reminiscent of the uncertainty due to the contentions under the Calvo doctrine. The Colombian reservation stated:

It does not agree to the employment of force in any case for the recovery of debts, whatever be their nature. It accepts arbitration only after a final decision has been rendered by the courts of the debtor nations.

The Argentine reservations, which Guatemala, Nicaragua and Salvador made their own, sought to establish a distinction between public and private loans and read:

1. With regard to debts arising from ordinary contracts between the citizens or subjects of a nation and a foreign Government, recourse shall not be had to arbitration except in the specific case of denial of justice by the courts of the country which made the contract, the remedies before which courts must first have been exhausted.
2. Public loans, secured by bond issues and constituting the national debt, shall in no case give rise to military aggression or the material occupation of the soil of American nations.

The Bolivian reservation recorded the opinion

that the acceptance of the proposition before us will but mean the legitimation by the Peace Conference of a certain class of *wars*, or at least interventions based on disputes which relate neither to the honor or vital interest of the creditor states.

The Dominican Republic held that the interpretation of the clause excepting from the application of the principle the case when the debtor "prevents any *compromis* from being agreed on" might possibly lead to "excessive consequences."

Peru made a reservation

that the principles laid down in this convention shall not be applicable to claims or differences arising from contracts concluded by

a country with foreign subjects when it has been expressly stipulated in these contracts that the claims or differences must be submitted to the judges or courts of the country.

The Uruguayan delegation

considers that arbitration may always be refused as a matter of right if the fundamental law of the debtor nation, prior to the contract which has given rise to the doubts or disputes, or this contract itself, has stipulated that such doubts or disputes shall be settled by the courts of the said nation.

The conflict of opinion and interest indicated by these reservations has been the subject of much discussion and very little action over a period of many years. As a result of the work of the Pan American Commission of Jurists, however, it was given a certain amount of attention at the Sixth International Conference of American States at Habana in 1928. That conference on February 20, 1928, adopted a convention which, though avoiding some phases of the question, represents an important measure of agreement. The text reads:

Art. 1. States have the right to establish by means of laws the conditions under which foreigners may enter and reside in their territory.

Art. 2. Foreigners are subject as are nationals to local jurisdiction and laws, due consideration being given to the limitations expressed in conventions and treaties.

Art. 3. Foreigners may not be obliged to perform military service; but those foreigners who are domiciled, unless they prefer to leave the country, may be compelled, under the same conditions as nationals, to perform police, fire-protection, or militia duty for the protection of the place of their domicile against natural catastrophes or dangers not resulting from war.

Art. 4. Foreigners are obliged to make ordinary or extraordinary contributions, as well as forced loans, always provided that such measures apply to the population generally.

Art. 5. States should extend to foreigners, domiciled or in transit through their territory, all individual guaranties extended

to their own nationals, and the enjoyment of essential civil rights without detriment, as regards foreigners, to legal provisions governing the scope of and usages for the exercise of said rights and guaranties.

Art. 6. For reasons of public order or safety, States may expel foreigners domiciled, resident, or merely in transit through their territory.

States are required to receive their nationals expelled from foreign soil who seek to enter their territory.

Art. 7. Foreigners must not mix in political activities, which are the exclusive province of citizens of the country in which they happen to be; in cases of such interference, they shall be liable to the penalties established by local law.

Art. 8. The present convention does not affect obligations previously undertaken by the contracting parties through international agreements.

Art. 9. After being signed, the present convention shall be submitted to the ratification of the signatory States. The Government of Cuba is charged with transmitting authentic certified copies to the Governments for the aforementioned purpose of ratification. The instrument of ratification shall be deposited in the archives of the Pan American Union in Washington, the Union to notify the signatory Governments of said deposit. Such notification shall be considered as an exchange of ratifications. This convention shall remain open to the adherence of nonsignatory States.[1]

In witness whereof, the aforenamed Plenipotentiaries sign the present Convention in Spanish, English, French and Portuguese, in the city of Habana, the 20th day of February, 1928.

Reservation of the Delegation of the United States of America

The delegation of the United States of America signs the present convention making express reservation to Art. 3 of the same, which refers to military service of foreigners in case of war.

Supervision by United States Government

"Early[2] in the administration of President Harding it became apparent that one of the first problems to be dealt

[1] Argentina alone was not represented.

[2] The quoted paragraphs are from the *Annual Report of the Secretary of the Treasury*, 1925, p. 54.

with was that of protecting the billions of dollars of loans made by the United States to foreign governments during the war. The cash advanced and credits granted represented money borrowed by the United States from its citizens. These sums must be repaid them, with interest. It was accordingly incumbent upon the Government fully to inform itself regarding the finances of its foreign debtors and particularly to be advised regarding their further borrowings from the people of the United States. On May 25, 1921, President Harding brought the situation to the attention of the leading bankers of the country at a conference at the White House. As a result of the conference the bankers agreed to inform the State Department in advance regarding any undertaking involving loans to foreign governments so that the State Department might have an opportunity to notify the bankers in case the interests of the Government demanded that it raise an objection to such financing in the American market. In order to make the position of the administration more fully understood, on March 3, 1922, a statement was made to the press by the State Department referring to the conference with President Harding and again directing the attention of the bankers to the desirability of cooperating with the Government in this regard."

The Department of State announcement read:

The flotation of foreign bond issues in the American market is assuming an increasing importance and on account of the bearing of such operations upon the proper conduct of affairs, it is hoped that American concerns that contemplate making foreign loans will inform the Department of State in due time of the essential facts and subsequent developments of importance. Responsible American bankers will be competent to determine what information they should furnish and when it should be supplied.

American concerns that wish to ascertain the attitude of the department regarding any projected loan should request the Secretary of State, in writing, for an expression of the department's views. The department will then give the matter consideration and, in the light of the information in its possession, endeavor to

say whether objection to the loan in question does or does not exist, but it should be carefully noted that the absence of a statement from the department, even though the department may have been fully informed, does not indicate either acquiescence or objection. The department will reply as promptly as possible to such inquiries.

The Department of State can not, of course, require American bankers to consult it. It will not pass upon the merits of foreign loans as business propositions, nor assume any responsibility whatever in connection with loan transactions. Offers for foreign loans should not, therefore, state or imply that they are contingent upon an expression from the Department of State regarding them, nor should any prospectus or contract refer to the attitude of this Government. The department believes that in view of the possible national interests involved it should have the opportunity of saying to the underwriters concerned, should it appear advisable to do so, that there is or is not objection to any particular issue.[1]

"It is now customary for American bankers intending to float foreign issues or to grant credits to foreign governments to consult the State Department before final action is taken by them. Upon receipt of advice from the bankers the State Department confers with the Commerce and Treasury Departments and then notifies the bankers of the attitude of the Government, whether or not objection to the financing is interposed. In failing to raise any objection, however, the Government does not pass upon the merits of the financing in any way or assume responsibility of any sort in connection therewith. Failure to object indicates only that there is no national interest involved in the transaction which makes the financing objectionable from the point of view of the United States.

"Early in 1925, after much consideration, it was decided that it was contrary to the best interests of the United States to permit foreign governments which refused to adjust or make a reasonable effort to adjust their debts to the United States to finance any portion of their requirements in this country. States, municipalities, and private

[1] *State Department Press Release*, March 3, 1922.

enterprises within the country concerned were included in the prohibition. Bankers consulting the State Department were notified that the Government objected to such financing. While the United States was loath to exert pressure by this means on any foreign government to settle its indebtedness, and while this country has every desire to see its surplus resources at work in the economic reconstruction and development of countries abroad, national interest demands that our resources be not permitted to flow into countries which do not honor their obligations to the United States and through the United States to its citizens."

Latin American Governments not being debtors to the United States Government, no political embargo upon their loan transactions has been imposed.

IV. FOREIGN INVESTMENTS BY COUNTRIES

1. South America

Argentina

Argentina has an area of 1,513,119 square miles, or about one-third of that of the continental United States. An official estimate for 1927 places its population at 10,647,000, of which the great majority are white, with a large percentage of foreign-born — mostly Italians and Spaniards. The general aspect of the Argentine nation is that of a modern European colony planted in the new world, composed of persons who have left Europe to make an economic success of life. This fact and the temperate climate have been of the greatest importance for the development of this country.

Recent prosperity is quite impressive, and 1928 surpassed 1927, which was itself an exceptionally good year. The exports in 1928 amounted to $996,170,000 as compared with $971,980,000 in 1927 and the imports of 1928 were $875,073,600 as compared with $825,103,000 in 1927.

Since the World War we find a typical three-cornered aspect of Argentina's foreign trade by the increase of imports of automobiles, agricultural machinery and modern labor and time-saving devices from the United States. On the other hand, Argentine foodstuffs and raw materials are exported to Europe, especially Great Britain.

United States imports [1] from Argentina steadily increased, 1926 importations being 10% more than in 1925, 1927 figures gaining another 10%, and during the first 10 months of 1928 a gain of 5% additional was recorded. In 1927 the United States took 8% of Argentina's exports, as compared with 5% in 1913, the growth in our trade being due largely to important shipments of linseed. Our pur-

[1] Data from George J. Eder, "Current Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

chases from Argentina during the first 10 months of 1928 totaled $86,624,000 as compared with $82,531,000 in 1927.

United States exports have shown a similar increase to Argentina, which became our leading customer in Latin America by rising from third place in 1925 and from second place in 1927. The United States now supplies over one-quarter of Argentina's total purchases from the world, as compared with 15% before the war, when it stood second to England. Our 1926 exports were 4% less than in 1925, but 1927 showed a 14% gain and the first 10 months of 1928 registered an additional increase of 10%, our exports during that period amounting to $145,428,000, as compared with $133,079,000 in the first 10 months of 1927.

The important products of Argentina are exclusively agricultural and pastoral, with the exception of petroleum from the Comodoro Rivadavia field in Patagonia. The agricultural items comprise 50% of the value of the country's exports, while pastoral products (frozen, chilled and canned meats, wool, hides and skins) make up over 40%. Farming and cattle raising have reached their greatest intensification in the almost treeless Pampas. Periodical attacks of locusts and also dry seasons cause a great variability of the annual crops. Farming is less scientifically practiced in Argentina than in the United States, and the general yield per acre is considerably lower, wheat being half the American yield, oats running two-thirds and corn equaling it. The grain acreage in 1928 was about 7% higher than in 1927, constituting a new record.

Argentina has a very extensive and well-equipped railway system and ranks first in mileage among the Latin American countries. The Government operates 4,300 miles of the 28,854 total mileage.

Public Finance. The expenditures of the Argentine Government exceeded the revenue in every year from 1911 to 1922.[1] From 1923 to 1927 no new budget was passed, but the budget for 1923 was extended from year to year. As a result, the ordinary budget came into balance and

[1] Department of Commerce, *Latin American Budgets*, Part I, p. 1–24, Trade Information Bulletin, No. 497.

showed a surplus. An actual surplus was shown in 1923, and from 1924 to 1927 a surplus was shown in the budget as a result of loans. On the other hand, the Argentine Government was engaged in extensive public works undertakings, and the increase of the public debt did not reflect accurately successive budgetary deficits. It increased from 1,331,985,000 paper pesos in 1913 to 2,019,838,000 paper pesos in 1919, and to 2,479,822,000 paper pesos in 1927. In those 14 years, the floating debt multiplied five times, the internal debt doubled, and the external debt increased by half, amounting to 1,015,640,000 paper pesos ($431,000,000) in 1927. Since 1922 the floating debt has been steadily reduced, and there is a definite policy of consolidating the external debt in dollar long-term issues. Since 1915 Argentina has borrowed in New York.

The Argentine gold peso [1] is valued at 96.48 cents, and the paper peso is 44% of it, or 42.45 cents. The average exchange rate for the gold peso, which dropped to 78.13 cents in 1924, had risen to 96.3 cents in 1927.

Foreign Investments. English money began reaching the country as far back as 1857. Government loans, however, began to be floated in London as early as 1824. Long before the 19th century closed, the Argentine was an important destination for exported capital, and by the outbreak of the World War the amount had attained huge proportions. The heaviest single group of investments is the railroads, of which the majority are held by foreign countries, especially Great Britain; public debt is second. An Argentine estimate made by Dr. Alberto B. Martinez in May, 1918, gives a total of $3,743,000,000 in foreign investments divided as follows in gold pesos, the gold peso being 96.48 cents at par: [2]

[1] The gold peso is written "0$s," *oro sellado*, and the paper, "m$n," *moneda nacional*.

[2] *Investments in Latin America*. I. Argentina, by Frederic M. Halsey and G. Butler Sherwell, p. 5, 25, 169. (Department of Commerce, Trade Information Bulletin, No. 362.)

FOREIGN INVESTMENTS IN ARGENTINA

	Gold Pesos
Various Argentine loans and issues	657,303,460
Railways	1,344,326,465
Banks	51,891,022
Ports	22,163,909
Tramways	109,496,149
Meat-packing plants	40,916,439
Gas, electricity, water, and drainage companies	78,373,018
Land and rural property companies	79,681,618
Mortgages	500,015,962
Insurance	3,886,464
Industrial establishments	507,760,000
Telephone and radio-telegraphic companies	21,340,000
Commerce	465,169,244
	3,882,323,750
	($3,743,000,000)

Robert Dunn [1] in 1926 divided foreign investments other than British and American as follows:

French	$425,000,000
German	375,000,000
Dutch	150,000,000
Belgian	135,000,000
Spanish	60,000,000
Swedish and Norwegian	25,000,000
Italian	25,000,000
Other countries	15,000,000

French money is invested in banks, Government loans, railways and port concessions. Germans are mostly interested in large estates and cattle concerns, also in banks and commercial enterprises. Dutch interests have an important steamship line and investments in banks, while the Government loans are listed on the Amsterdam stock exchange.

British investments in Argentina were placed at the beginning of 1928 at 4,859,292,000 pesos (paper), equivalent to about $2,044,000,000, as compared with 4,199,027,000

[1] *American Foreign Investments*, p. 62.

pesos (paper) in 1913. Details regarding investment of British capital in Argentina are as follows:

BRITISH CAPITAL INVESTED

Type of Investment	1927 Paper Pesos	1913 Paper Pesos
Railways	2,830,988,000	2,535,587,000
Bonds	801,934,000	934,487,000
Miscellaneous	1,226,370,000	728,953,000
Total	4,859,292,000	4,199,027,000

The income earned on the above investments in 1913 was estimated at 202,314,000 pesos (paper), or about 5.9% on the total. Railroad investments yielded about 118,656,000 pesos; the income on government, state, municipal and corporation bonds was placed at 40,809,000 pesos; while the return on miscellaneous investments accounted for the balance, or 42,849,000 pesos. In 1927, the return on railroad investments was estimated at 152,754,000 pesos (paper), or 5.4% on the total amount invested. The yield on bonds accounted for 35,419,000 pesos, and the income on miscellaneous investments for 65,384,000 pesos.

United States Investments. These interests are steadily increasing and include Government, provincial and municipal bonds, banks, public utilities, industrial and railroad securities. The Department of Commerce at the end of 1924 estimated that the total of United States investments in Argentina was $212,800,000.

Prior to the war, American investments in Argentina were relatively unimportant. The Argentine meat-packing industry was among the first to attract American capital, in 1907. After preliminary operations in the country, the Swift interests in 1918 secured a concession authorizing them, for a period of 100 years, to buy and sell property, install and administer packing houses and similar industries,

to buy and sell bonds and shares of Argentina and of Argentine companies, as well as the securities of other countries and their enterprises, and to engage in the banking business. The company owns the entire capital stock of the Compañía Swift de la Plata, which operates meat slaughtering and freezing works situated at Puerto la Plata, Rosario, Rio Gallegos and San Julian, and a selling and distributing agency in the city of Buenos Aires. The company, which operates also in Brazil, Uruguay, Paraguay and Australia, has a capitalization of 22,500,000 pesos (gold), on which dividends have been paid continuously since February, 1919, aggregating to the end of 1928 about 26,100,000 pesos gold.

Other American packing companies, including Armour, Morris and Wilson, also have important plants and properties in Argentina. The capital employed in Argentina is about $12,300,000.[1]

The United River Plate Telephone Company, Limited, was a British company organized in 1886 to amalgamate the business of the United Telephone Co. of the River Plate, organized in December, 1882, and the River Plate Telephone & Electric Light Co., Ltd., organized in January, 1882. The company owns and operates a telephone service in the City of Buenos Aires and in the Provinces of Buenos Aires, Santa Fé, Cordoba and San Juan. Capitalization consisted in 1928 of 1,520,000 ordinary shares of £4 par value; 40,000 cumulative 5% preference shares of £5 par value; and £300,000 4½% debenture stock due in 2006 or earlier at 105 and interest on six months' notice from the company. By an agreement of December 11, 1928, the International Telephone and Telegraph Corporation acquired 99.9% of the outstanding common stock, offering for five ordinary shares a cash payment of £22/10/0 and one $100 share of International Telephone and Telegraph, or £12 per share cash. The ordinary shares of United had been receiving dividends at the rate of 8%

[1] Frederic M. Halsey, *Investments in Latin America* . . . , p. 95 (Department of Commerce, Special Agents Series, No. 169).

per annum (1914–28), so that the American company acquired control on a 2.67% income basis.

The International Radio Company of Argentina is associated with the International Telephone and Telegraph. A subsidiary of the corporation, the International Standard Electric Corporation, controls the Compañía Standard Electric Argentina.

The First National Bank of Boston has a branch at Buenos Aires housed in its own building, which is valued at $5,000,000 and is the finest bank building in Latin America.

The Intercontinents Power Company owns the outstanding capital stock, except qualifying shares, of Compañía Sud Americana de Servicios Publicos, which owns or has under contract electric light and power properties of about 15,000 horse-power, serving 71 Argentine communities with an estimated population of 440,000. This company owns 90% of the capital stock of Luz Eléctrica de Tres Arroyos in a community of 65,000 population. The properties of the Intercontinents Power Company are under the management of Gannett, Seelye & Fleming, Inc., who with the Westinghouse Electrical International Company, E. H. Rollins & Sons and Stroud & Co., Inc., control the Class B common stock. The assets of the company are in excess of $12,800,000, with its principal holdings in Argentina.

The American and Foreign Power Company acquired the English Atlas Light & Power Company, Ltd., in 1928.

The Atlas was registered in 1908 as the Cordoba Light, Power & Traction Co., Ltd. In 1923 the name was changed to the Argentine Light & Power Co., Ltd., and in November, 1926, to the Atlas Light & Power Co., Ltd.

It owns electric lighting and power supply businesses and electric traction systems in the cities of Cordoba, Santa Fé, Parana, and Montevideo (Uruguay). It also owns the entire stock and bond capital of the Argentine Tramways & Power Co., Ltd., which operates in the Province of Santa Fé; The Cordoba Light & Power Co.,

which supplies electric light and power under concession from the Province of Cordoba, the concession expiring December 31, 1948; the Cordoba Electric Tramways Construction Co., Ltd.; the Compañía de Luz y Fuerza de Parana; the Parana Tramways Co., Ltd.; and a controlling interest in the Tucuman Tramways Light & Power Co., Ltd. It also owns the entire stock and bond capital of the La Transatlántica Compañía de Tranvías Eléctricos de Montevideo, with the exception of 308,500 pesos of 6% debentures. Capitalization of the Atlas consists of 3,000,000 ordinary shares of £1 par value, of which 2,750,000 shares are issued and fully paid; 3,000,000 shares of 7% cumulative preference shares of £1 par value, of which 2,750,000 shares are issued and fully paid; £1,464,516 of 6% debentures, and £1,103,987 of 5% debentures, of which £889,757, were issued to former debenture holders of the United Electric Tramways of Montevideo, Ltd.

The Goodyear Tire & Rubber Company is contemplating the construction of a new plant in South America, probably in Argentina, with an initial capacity of 3,000 tires daily.

The Forestal Land, Timber & Railway Co., Ltd., is an English concern which purchased the New York Tanning Extract Company, whose properties are incorporated as the New York Quebracho Extract Co.

American oil interests are represented by the Standard Oil group which controls, *inter alia*, the Standard Oil Company of Argentina.

The National Lead Company operates in Argentina through a subsidiary, the National Lead Company, South America, which in 1921 acquired control of the Compañía Minera y Metalurgica Sud-Americana, organized in 1921 with a capitalization of $500,000. The company owns lead mines in the Province of Jujuy and a smelter in Buenos Aires.

Numerous other United States concerns have branches or subsidiary companies in the country.[1]

[1] Details as of 1926 may be found in Robert Dunn, *American Foreign Investments*, p. 63.

The International Cement Corporation also operates plants in the country through its subsidiary the Compañía Argentino de Cemento Portlando.

Details regarding American investments, which began to assume a somewhat more important part in 1914 are presented here.

UNITED STATES CAPITAL IN ARGENTINA

Securities	Amount Issued	Amount Refunded	Price
1915			
Argentine 6% loan, due 1920 . .	$25,000,000	$15,000,000	99
Argentine 6% loan, due 1920 . .	5,000,000	–	99
1916			
Argentine 1-year notes . . .	18,500,000	–	–
Argentine 1-year notes . . .	15,000,000	–	–
Buenos Aires 6's, 1926 . . .	8,098,250	8,098,250	–
International Portland Cement Co. .	2,500,000	–	250 [1]
1917			
Buenos Aires (Province) 6's, 1927 .	8,098,250	–	–
Argentine 1-year notes . . .	5,000,000	5,000,000	–
Central Argentine Railway 6's, 1927 .	15,000,000	–	100
1918			
Argentine 6's, 1923	800,000	–	96¼
1921			
Argentine 7% treasury notes, 1923 .	50,000,000	–	99⅝
Railway Equipment Bonds 6's, 1926 .	13,000,000	–	–
1922			
Argentine 7's, 1927	27,000,000	–	99
Buenos Aires (City) 5's, 1957 . .	1,095,000	–	–
Buenos Aires (Province) 3½'s of 1906	480,000	–	–
Cédulas (Argentine Mortgage Bank) 6's	500,000	–	–
1923			
Argentine 6's	55,000,000	50,000,000	–
Buenos Aires (City) 6½'s . .	500,000	500,000	–

[1] Represents price per unit consisting of 5 shares of 7% preferred stock and 6 shares of common stock.

UNITED STATES CAPITAL IN ARGENTINA — *Continued*

Securities	Amount Issued	Amount Refunded	Price
1924			
Argentine 6's, 1958, Series "B"	$30,000,000	–	95
Argentine 5½'s, due August, 1924	20,000,000	$15,000,000	100
Argentine 5¼'s, 1925	10,000,000	–	100¼
Argentine 6's, 1957, Series "A"	40,000,000	–	96½
Argentine 4% notes, due March 1, 1925	5,000,000	–	100
Argentine 5% notes, due Feb. 25, 1925	20,000,000	–	–
Buenos Aires (City) 6½'s, 1955	8,490,000	–	96½
Buenos Aires (Province) 5½ notes, 1925	2,000,000	–	–
1925			
Argentine 6's, 1959	45,000,000	20,000,000	96
Argentine 6's, 1959	29,700,000	29,700,000	96½
Argentine 6-mo. 4¼% notes	25,000,000	25,000,000	100
Buenos Aires (Province) 5¼'s, 1926	3,600,000	–	100
Buenos Aires (Province) 5¼'s, 1926	2,000,000	–	100
Córdoba (Province) 7's, 1942	5,943,000	–	95
Santa Fé (Province) 7's, 1942	10,188,000	–	96
1926			
Argentine 6-mo. 5¼% notes	20,000,000	20,000,000	100
Argentine 6's, 1960	16,900,000	–	98¼
Argentine 6's, 1960	20,000,000	–	98
Buenos Aires (Province) 7's, 1936–52	14,800,000	–	96½–99
Buenos Aires (Province) 7½'s, 1947	14,472,000	–	99
Buenos Aires (Province) 7's, 1952	10,600,000	–	96½
Buenos Aires (Province) 7's, 1936	4,200,000	–	99
Buenos Aires (Province) 7's, 1957	24,121,000	–	94¾
Puerto Plata Sugar Co.	8,000,000	–	–
1927			
Argentine 6's, 1961	21,200,000	–	99
Argentine 6's, 1960	40,000,000	–	99½
Argentine 6's, 1961	27,000,000	27,000,000	98¼
Argentine 5% notes, due Sept. 25, 1927	12,000,000	12,000,000	–
Argentine 5% notes, due March 25, 1928	12,000,000	12,000,000	–
Argentine treasury notes, due Sept. 29, 1927	20,000,000	20,000,000	–
Buenos Aires (City) 6's, 1960	3,396,000	–	97½

UNITED STATES CAPITAL IN ARGENTINA—*Concluded*

Securities	Amount Issued	Amount Refunded	Price
1927			
Buenos Aires (City) 6's, due Feb. 29, 1928	$2,137,500	–	100
Buenos Aires (Province) 7's, 1958 .	10,613,500	–	95
Córdoba (City) 7's, 1937	2,547,000	–	97
Córdoba (City) 7's, 1957	4,669,500	–	98¾
Córdoba (Province) 6's, due April 1, 1928	1,281,000	–	100
Mendoza 7½'s, 1951 . . .	6,500,000	–	98¾
Santa Fé (City) 7's, 1945 . .	2,122,500	–	94½
Santa Fé (Province) 6's, 1928 . .	1,500,000	–	100
Tucuman 7's, 1950	2,122,500	–	94½
1928			
Argentina notes, due Sept. 28, 1928 .	12,000,000	$12,000,000	–
Argentina 5½'s, 1962 . . .	20,000,000	–	97
Buenos Aires (City) 6's, Series "C," 1960	3,396,000	–	98½
Buenos Aires (Province) 6's, 1961 .	41,101,000[1]	41,101,000[1]	96½
Tucuman (City) 7's, 1951 . .	3,396,000	–	96½
Córdoba 7's, 1937	2,547,000	–	97
Intercontinents Power Co., 6% debentures	3,000,000	–	96
Int. Tel. & Tel. Corp., 4½% con. debentures	57,300,000	–	98
Buenos Aires Central Ry. 7% pfd. .	4,939,000	–	98.78
"Chade" (Compañía Hispano-Americana de Electricidad) . . .	2,340,000	–	117
1929			
Intercontinents Power Co. . .	1,500,000	–	99
International-American and Foreign Power Co. (Inc.)	100,827,200	–	100
Intercontinents Power Co. . .	2,500,000	–	–

Bolivia

The total area of Bolivia is officially estimated at 514,595 square miles, but as the Chaco is disputed territory, figures ranging from 473,560 to 704,195 are also given. The population is probably about 2,500,000 persons, of whom about

[1] Of which $23,601,000 only represents American flotation and $34,209,500 the portion refunded in United States.

55% are Indians. Whites comprise 15% of the population and "mestizos" 30%. The climate is severe and conditions of labor are not favorable for attracting immigrants of the laboring classes, so that all mining and agricultural workers are natives.

Bolivia is extremely rich in minerals and since the early days of Spanish colonization silver mines have been constantly exploited. Silver ranks second in the list of exports, with over 20,000 tons of ore annually. At the present time tin has taken the lead in the extractive industries and Bolivia ranks close second to the Straits Settlements, producing annually about 30,000 tons, one-quarter of the world's output. Tin accounts for about 70% of the total export value. Gold mining is important, as is copper, lead, zinc, wolfram, etc. Bismuth is a natural monopoly of Bolivia, of which the annual output is 300 to 500 metric tons.

Bolivian minerals — tin, lead, copper and silver — comprise some 93% of the total exports of the country. Their exploitation, however, exerts but little influence upon the vast bulk of the population in that country, aside from its effect upon Government revenues and on workers in the mining regions. The population is largely in a primitive state of economic development, although the Government is making an effort to improve conditions. The only large non-mineral product among exports is rubber, collected by Indians in the forest regions, and the value of exports of this product has dropped from nearly $6,000,000 in 1913 to less than $2,000,000. Imports into Bolivia are almost wholly dependent upon the requirements of the large mining enterprises, and show considerable fluctuation from year to year.[1]

United States imports from Bolivia declined considerably in the past two years, but these figures are not indicative of local trade, as the United States takes only 8% of the total (one-tenth as much as the United Kingdom),

[1] Revised from George J. Eder, "Current Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

the greater part of Bolivian tin going to England for refining and shipment back to the United States, which is the leading consumer of the refined product. Our exports declined considerably since 1926, owing chiefly to the depression in the mining industry.

Public Finance. Bolivia had no external debt when a £500,000, 6% sterling loan dated January 1, 1909, was sold to New York bankers at 90. In 1910 the Government borrowed £1,500,000 in Paris for establishing the Banco de la Nación Boliviana, and in 1913 £1,000,000 for railway construction. In 1913 the total debt amounted to $18,-119,000. The external debt in the next nine years steadily diminished through operation of the sinking fund. A law of May 24, 1922, authorized contracting of a loan up to $33,000,000 for refunding of obligations, reduction of the internal floating debt, and for certain railway construction.[1] The following table shows the change in the debt over a period of years:[2]

BOLIVIAN DEBT

Debt	Pounds	Bolivianos	Dollars
1919			
External debt	2,608,000	–	2,273,000
Internal debt funded	–	13,883,000	–
Floating debt	–	19,078,000	–
Total in dollars	–	–	27,524,000
1927			
External debt	329,000	–	42,459,000
Internal debt funded	–	22,066,000	–
Floating debt	–	18,303,000	–
Total in dollars	–	–	59,776,000

[1] Charles A. McQueen, *Bolivian Public Finance*, p. 39, 49 (Department of Commerce, Trade Promotion Series, No. 6).

[2] *Commerce Yearbook*, 1928, Vol. II, p. 77.

The monetary unit is the boliviano, having a par of 19.2 pence, $0.3865. The British gold currency is legal tender. The bank reserves are largely in that form, the principal circulating medium being bank notes. The boliviano in 1928 averaged just below par.

Investments. The Standard Oil Company of Bolivia, organized in 1921 as a subsidiary of the Standard Oil Company of New Jersey, has valuable concessions for a tract of 7,400,000 acres of petroliferous land for a period of 55 years. The company is capitalized at $5,000,000.[1] Sinclair interests have important options on Bolivian oil lands.

Attention may be directed to the petroleum law of December 12, 1916, providing that all deposits of petroleum or hydrocarbons are the property of the Government, and that concessions may be granted only under supervision and approval of the Government.[2]

In 1918 it was estimated that French investments in Bolivia amounted to $20,000,000 or $25,000,000, and British at $17,519,400. Chilean interests had a considerable mining stake in the country.

The National Lead Company for $30,000,000 acquired tin properties. The resulting American concern, the Patiño Mines & Enterprises, Consolidated, incorporated in Delaware in 1924, will control 80% or more of the tin production of Bolivia. Señor Simon Patiño has long been the principal figure in the Bolivian tin industry. The company acquired the Machacamarca-Uncia Railway (60 miles) for £991,667. The capitalization of Patiño which owns the Uncia and Llallagua groups of tin mines consists of 2,500,000 shares of $20.00 par value of which 1,380,316 shares are outstanding. Ore reserves on December 31, 1928, consisted of 1,605,637 tons averaging 4.45% tin. Mine and mill dumps were estimated to contain 2,235,763 metric tons averaging 2.337% tin in addition to mine reserves.

[1] Frederic M. Halsey and James C. Corliss, *Investments in Latin America*, IV, p. 27 (Trade Information Bulletin, No. 466).

[2] W. L. Schurz, *Bolivia, a Commercial and Industrial Handbook*, p. 140 (Department of Commerce, Special Agents Series, No. 208).

The Caracoles Tin Company of Bolivia is a Guggenheim concern organized in 1922 in Bolivia with a capitalization of $40,000,000 of which $16,000,000 are issued and fully paid. The company owns 14,326 acres in the Department of La Paz, also water rights and power sites on a number of streams. It has participated in organizing the British American Tin Corporation, a £1,000,000 concern.

The International Mining Company, organized by W. R. Grace & Company in 1918 under the laws of Bolivia, has a capitalization of 1,000,000 bolivianos. The company owns 8,654 acres, including tin and tungsten mines in the Department of La Paz. It also has an option on the Emprese Minera Tanapaca.

The Fabulosa Mines Consolidated was organized in 1921 with a capitalization of 3,000,000 shares of £1 par value, of which 21,039 shares are held in the treasury. There are also outstanding $381,200 of 9% bonds of an original issue of $510,000. Reserves are estimated at 4,000,000 tons of ore averaging 5% tin. Ores carry tin, bismuth and silver. The land owned by the company aggregates 6,600 acres, covering two important mine groups.

The Incaoro Mines Company was organized under the laws of Delaware with a capitalization of $1,000,000, and owns gold mines.

In 1922, the National Lead Company purchased an interest in the Compañía Minera y Agricola Oploca de Bolivia, which was incorporated in Chile with a capitalization of £400,000, of which £270,000 are outstanding.

American capital is also interested in the Bolivian Power Company, Ltd., organized under the laws of Nova Scotia to operate light and tramway undertakings in La Paz under a concession from the Bolivian Government. The concession, which expires in 1950, includes also a contract for the supply of all public lighting. Americans are also interested through the ownership of securities in the International Power Company, Ltd., in the latter's subsidiary,

the Oruro Light & Power Co., organized in Bolivia to operate light and power systems in Oruro under an exclusive concession which expires in 1954.

The South American Electric Smelting Company has large properties.

An American Colonization Company acquired a long lease on 300,000 acres in eastern Bolivia.

Ulen & Company, a subsidiary of Stone & Webster, Inc., constructed and financed the sewer system in La Paz and Cochabamba and received $2,250,000 Bolivian Government bonds in payment. The same company is constructing a government railway of over 128 miles, for about $10,000,000.

The Bolivia Railway Co. was originally built by a Connecticut corporation, but was taken over by British railroad interests. Its capital stock is $10,000,000; majority owned by the Antofagasta (Chile) & Bolivia Railway Company, Ltd.; funded debt comprises $27,945,000 first mortgage 5% gold bonds, in default as to principal since January 1, 1927, and £2,500,000 second mortgage 5% income bonds, due January 1, 1932, all owned by the Bolivian Government. The La Paz-Yungas Railroad, a state construction, was originally surveyed by United States engineers and partially built with money from the dollar loan of 1917.

American investments in Bolivia prior to 1910 aggregated about $10,000,000, represented by Government bonds and by an investment in the Bolivia Railway Company. The extent of American capital which has gone into the country during the past two decades is presented in the subjoined table.

UNITED STATES CAPITAL IN BOLIVIA

Securities	Amount Issued	Amount Refunded	Price
1915			
Bolivia 1–2 year notes	$1,000,000	–	–
1917			
Bolivia 6's, 1929 (Yungas R.R.) .	2,400,000	–	–
1919			
Bolivia 6's	2,400,000	–	96
1920			
Bolivia 6's, 1921–34 . . .	2,253,000	$1,000,000	–
1921			
Bolivia 6's, 1944	2,030,000	–	–
Bolivia 6's, 1922–34 . . .	1,000,000	–	82.24–97.74
1922			
Bolivia 8's, 1947	29,000,000	–	101
1924			
Bolivia 8's, 1947	5,000,000	–	93
Patiño Mines & Enterprises Consol.	30,000,000	–	–
1925			
Bolivia Lead Co.	2,000,000	–	–
Bolivian Power 8's, 1945 . .	1,000,000	–	100
Patiño Mines & Enterprises . .	5,000,000	–	25
1927			
Bolivia 7's, 1957	14,000,000	–	–
Bolivian Rubber Co. . . .	4,100,000	–	–
Bolivian Petroleum Co. . .	3,167,500	–	5½
1928			
Bolivia 7's, 1969	23,000,000	1,000,000	97½
Bolivia Cement Co. . . .	284,750	–	–

Brazil

The area of Brazil is about 259,000 square miles larger than that of continental United States. Professor Edwin W. Kemmerer, economic adviser of many Latin American

countries, gives an interesting comment about the size of Brazil:[1] "The 9% difference between the United States, except Alaska, and Brazil is sufficient to cover all six of our New England states, the three middle states of New York, Pennsylvania and New Jersey, and then to throw in for good measure, England, Ireland and Wales."

Brazil ranks first in coffee production, having about two-thirds of the world's total export trade in coffee; it is second only to the United States in the quantity of tobacco exported; it is the second largest producer of rubber and the second largest producer of cocoa. During the World War the trade in coffee and rubber was very depressed, but after the war the increase was tremendous.

The population of about 42,000,000 does not possess a high purchasing power, but the consumption of native products is steadily increasing. The export of tobacco, for instance, has been reduced to one-half of the production. The meat packing houses utilize the greater part of the production of fresh meat, while as regards sugar only a very small percentage is being exported.

Foreign investments go a long way toward improving the productivity of domestic industries, resulting, as a rule, in a decrease of exports despite the heavy inflow of capital. The budgeting of deficits in recent years is, therefore, not entirely discouraging, if we take into account the increasing wealth of the population. The future depends to a large extent on the honesty and ability of the public administration, which is always an important factor in growing countries like Brazil.

In most of the states along the coast from the Amazon to São Paulo cotton has been raised for many years and until recently it was one of the principal exports; but the expansion of the textile industry has absorbed most of the domestic production.

Measured in dollars, the foreign trade of Brazil increased from $640,000,000 in 1913 to $852,000,000 in 1926, but fell off $30,000,000 in 1927. The statistics of foreign trade

[1] *Brazil of Today.*

show that in 1927 imports amounted to $387,542,000 (compared with $324,010,000 in 1913), and in the same period exports totaled $431,464,000 (compared with $315,737,000 in 1913), giving an excess of exports over imports of $71,-805,000. Nevertheless, the condition of the export trade is often considered as unfavorable because the excess of exports over imports is insufficient to cover the interest on foreign capital invested in the country. In 1928 the President estimated the whole balance of trade to be unfavorable, as a result of the invisible items, to the extent of $85,000,000.

The economic ties between Brazil and the United States are becoming stronger every year. The United States is the largest importer from Brazil, as shown by the following statistics:

IMPORTS

Countries	1922	1926
United States	$48,956,976	$113,384,802
United Kingdom	55,182,970	73,148,407

And also the total export figures prove that the largest share of the Brazilian raw materials and foodstuffs is taken by the United States:

EXPORTS

Countries	1922	1926
United States	$116,912,144	$218,024,567
United Kingdom	29,769,379	15,925,296

In 1913 the percentage of the total imports of Brazil originating from our country was 15.7% and in 1927 it was 28.7%. Of the total exports from Brazil, the United States percentage in 1913 was 32.2% and in 1927, 47%. The

United States consumes about 58% of the world's rubber supply and two-thirds of Brazil's rubber production. About 60% of the production of cocoa is consumed in the United States.

It is not correct, however, to judge the economic prosperity or the progress of different countries by their foreign trade alone. Countries like Brazil, Argentina and most of the Latin American countries are essentially self-supporting, and domestic business is, in many instances, their most important business. Such countries produce directly most of what they consume, and consume most of what they produce.

Coffee and Rubber. "Coffee constitutes over 70% of the total exports of Brazil, and the precarious position of this product has caused a considerable feeling of uncertainty in all lines. The predominant position which coffee has been given in the political and economic life of the country is scarcely justified by the actual bases of Brazilian prosperity. Brazil, with a population of over 42,000,000 inhabitants, offers an enormous market of domestic consumption, and exports constitute but a small percentage of the total production of the country, although exerting a decisive influence on even purely domestic affairs. Cotton, sugar, cattle, and other industries, are of great importance in domestic trade, and even in the State of São Paulo, the center of coffee production, coffee comes second to the manufacturing industries in value of products, and forms only about a third of the total productivity of the state. Despite the really broad bases of Brazilian prosperity outlined, coffee exports are undoubtedly the dominant factor."[1]

Coffee is by far the most important export article of Brazil. The ratio of coffee exports to total exports is:

1910	41	1924	76
1920	49	1925	72
1921	60	1926	74
1922	64	1927	71
1923	64		

[1] George J. Eder, "Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

This preponderance of one item in the country's economic life has given rise to the measures taken by the Brazilian Government to stabilize its export trade, known as the coffee valorization plan.

Brazil produces about two-thirds of the world's coffee supply, but consumes only 5% of it. The United States is the largest consumer, and its objection to the Brazilian Valorization Plan is responsible for the fact that the loan of $50,000,000, necessary to establish the plan, was excluded from the United States market and floated in Europe.

Variations in price and in production, dependent on the uncertainty of the weather and due to the plant's susceptibility to frost, have made the national resources unstable because the revenues from the coffee trade are the most important part of the nation's income. Large crops used to mean low prices and lower state revenues were reflected in the rate of foreign exchange. The Government bought the larger crops, for instance in 1906, 1911, 1913 and 1921, financing these transactions by foreign loans. The policy of the Brazilian Government has been changed since 1921 and the surplus crop is no longer bought by the Government, but transportation to the ports is now restricted. State governments, moreover, have helped producers by providing loans on relatively easy terms to establish the necessary warehouses. The Coffee Institute allots a definite share of the exports to every producer.

Brazilian coffee valorization is an outstanding example of government regulation of crop marketing. It is designed to equalize seasonal fluctuations, and is based on the dominating position of Brazil in the world market for this particular product.

"No accurate figures are available as to crops, carry-over, or available supplies, but from the most reliable indexes available it seems certain that [the 1928] exportable crop in Brazil alone was considerably greater than the total world consumption. Production outside of Brazil has increased considerably, and, although this year's Brazilian

crop shows a great reduction compared with that of 1927–28 it is probable that there is being withheld from the market at present an amount almost equivalent to a full year's normal exports. Coffee prices have been sustained thus far, and have recovered from the 3-cent decline in 1927, comparative values of United States imports of Brazilian coffee during the past four years being as follows: 1925, $0.212; 1926, $0.197; 1927, $0.161; and 1928 (10 months), $0.198."[1]

In view of the admitted importance of rubber to the United States, recent activities of the Ford interests in Brazil have assumed special significance. Ford has started rubber plantations on a large scale in the sparsely inhabited Amazon Valley. A considerable amount of sanitation work in this region is already under way, and the first trees have already been planted. There are about 60,000 Ford automobiles in use in Brazil and Ford's efforts to bring the dormant Amazon Valley into cultivation are highly commended throughout Brazil. The area of the Ford rubber concession is approximately 3,700,000 acres, situated about 700 miles from the port of Para. It is estimated that the annual production on only half of the area will amount to between 350,000 and 400,000 long tons of rubber.

To realize the importance of this American rubber industry to the United States it may be mentioned that the total consumption of rubber by American industries in the United States in 1927 was 489,000 long tons, so that Ford's enterprise might make the United States rubber supply independent of other foreign markets.

Means of transportation are rather favorable in Brazil. Almost no other country has better inland waterways which, combined with the extensive ocean frontage, have contributed more than any other factor to the economic development of the nation. More than 10,000 miles of navigable waters are open to river and ocean steamers, and 20,000 miles more can be utilized by light draft and flat-bottom boats.

[1] Eder, *loc. cit.*

A railroad mileage of 20,000 miles is constructed and more lines are under construction or planned. At present, however, most of the railroads terminate at seaports, but have no connection with each other.

Public Finance. In only nine of the 36 years of the republican régime in Brazil from 1889–1925 did the budget [1] show a credit balance. In each of the years 1925 and 1926, a deficit was shown, but small surpluses appeared in 1927 and 1928. As, however, nearly one-third of the budget is devoted to public works, it is frequently assumed that the unbalanced budget is not of necessity a serious feature of Brazilian public finance. A British financial mission studied the economic and financial structure of the country in 1923, but its recommendations were not positively adopted. Details of revenues and expenditures have not been published since 1921, and the chief source of information is the annual message of the President. On December 31, 1926, the floating debt amounted to $190,399,000, and the remaining debt as follows:[2] Internal refunded debt, $288,-347,000; external debt: Great Britain, £531,830,000; France, francs 64,762,000; United States, $156,890,000. These obligations were liquidated to an amount of about $16,000,000 in 1928 by regular sinking fund operations.

According to Kimber's *Record of Government Debt*, the foreign debt of Brazil in July, 1927, was divided as follows: [3]

FOREIGN DEBT OF BRAZIL

British	
Federal Government bonds	£111,058,000
State and municipal bonds	27,737,000
Industrial enterprises, banks	141,270,000
Total	£280,065,000

[1] See League of Nations, *Memorandum on Public Finance*, 1922–1926, p. 95 (C. E. I. 34. 1927. II. 29) and Department of Commerce, *Latin American Budgets*, Part I, p. 36 (Trade Information Bulletin, No. 497).

[2] *Commerce Yearbook*, Vol. II, p. 93.

[3] For a similar list for 1925, see Department of Commerce, *Latin American Budgets*, Part I, p. 44 (Trade Information Bulletin, No. 497).

French

Federal Government bonds (francs)	336,206,000
State and municipal bonds (francs)	381,355,000
Industrial enterprises (francs)	1,500,000,000
Total	2,117,561,000

United States

Government bonds	$123,717,000
State and municipal bonds	118,700,000
Industrial enterprises	100,000,000
Total	$342,417,000

Financial ties with the United States are of recent date. In 1920, almost none of Brazil's national debt was held in our country, except such parts of issues as had found their way here by way of England, Germany and France. At the present time, America holds almost one-third of the total foreign debt of Brazil.

The unit of Brazilian currency is the milreis, the par of which was established at 11.963 cents by law of December 18, 1926. From an average exchange rate of 32.16 cents in 1913, it dropped to an average of 11.84 cents in 1927. Brazilian public accounts are usually kept in contos of 1,000 milreis.

The United States of Brazil is a federation in which the states enjoy a very definite financial autonomy. Part of their revenue is derived from export taxes so that a state like São Paulo, which is the center of the coffee industry, possesses a source of revenue from the foreign trade passing through it, the export tax on coffee being five francs per bag.

Foreign Investments. Robert W. Dunn, in his book *American Foreign Investments* (1926), gives as the total amount of United States capital invested in Brazil $300,-000,000, mostly in Government, state and municipal bonds. The distribution of American investments in the dollar

obligations of Brazil was estimated by the *Wall Street Journal* in 1923, as follows: [1]

Bonds of Brazilian Federal Union and District	$104,316,000
Bonds of states	27,761,000
Bonds of municipalities	15,338,559
Paulista Railway bonds	3,619,032
TOTAL DOLLAR BONDS OUTSTANDING	$151,034,591

About $300,000,000 is invested by Germany, Portugal, Canada and Italy. It is estimated that the total foreign capital invested in Brazil is $2,500,000,000, of which half is British.

United States Interests. The United States Steel Corporation has extensive interests in the manganese mines of Brazil. The American interests were incorporated as the Companhia Meridional de Mineracão in 1920 under the laws of Brazil, properties having been purchased for $3,413,285. The company's mines show "the largest known deposits of high grade manganese ore."

American capital is invested in important British controlled steel companies, the amount of which is unknown.

Wilson & Company, Swift & Company (through the Companhia Swift do Brasil) and Armour & Company, are incorporated under the Brazilian law and own large interests. Swift & Company's Brazilian wholly owned subsidiary operates a meat slaughtering and freezing works in the Port of Rio Grande, and a meat canning and dried beef plant at Rosario, both in the State of Rio Grande do Sul, and a selling agency at Rio de Janeiro.

American capital is also interested in a number of Brazilian public utilities, especially those operating in the Rio de Janeiro and São Paulo sections. American capital also owns substantial amounts of the securities of the Brazilian Traction, Light & Power Company, Ltd., organized in 1912 under the laws of the Dominion of Canada to consolidate the interests of the São Paulo Tramway, Light & Power Co.,

[1] *American Foreign Investments* (1926), p. 68.

Ltd., the Rio de Janeiro Tramway, Light & Power Co., Ltd., and the São Paulo Electric Co., Ltd. Through the Rio de Janeiro Tramway, the company controls the Brazilian Telephone Co. and the Rio de Janeiro Gas Co., and through the São Paulo Electric Co., the Sao Paulo Gas Co. In December, 1928, the company offered to purchase all ordinary shares of the City of Santos Improvement Co., Ltd., at £2/17/6 per share and holders of over 750,000 shares accepted the offer. In August, 1929, it was reported that the International Telephone & Telegraph Corporation had acquired the telephone business owned by the Brazilian Traction Company, and valued at more than $30,000,000. It was also reported that the Electric Bond & Share Company had definitely bought control of Brazilian Traction from Belgian, English, Dutch and Canadian holders, probably through an exchange of stock, or part stock and part cash at varying prices. The price paid was said to be in excess of $70 per share.

The Brazilian subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $6,772,790. The company's subsidiary, the South American Power Co., organized in Florida, controls a number of public utility enterprises in Brazil and other South American countries, and also purchased in 1927 the Brazil Railways Co. from the International Light & Power Co., Ltd. Some of the subsidiaries operating in Brazil include the following companies:

AMERICAN AND FOREIGN POWER SUBSIDIARIES

Name of Company	Number of Shares		Bonds and Notes
	Common	Preferred	
South American Power Co., Inc.	5	–	–
South American Power Co.	1,000,000	120,000 [1]	$1,297,909
Brazilian Electric Power Co.	50,000	–	–
Companhia Brasileira de Energia Electrica	50,000	–	–

[1] Divided into 70,000 shares of preferred and 50,000 shares of second preferred.

AMERICAN AND FOREIGN POWER SUBSIDIARIES—*Concluded*

Name of Company	Number of Shares		Bonds and Notes
	Common	Preferred	
Cia. Linha Circular de Carris de Bahia	220,000	–	$396,120
Cia. Central Brasileira de Forca Electrica	120,000	–	–
Empreza Forca e Luz de Ribeirao Preto	38,000	–	963,732
Cia. Paulista de Forca e Luz	40,000	–	361,668
Emprezas Electricas Brasileiras, S. A.	10,000	–	–
Empreza Forca e Luz do Jahu	25,000	–	73,104
Empreza "Orion" de Barretos	11,000	–	229,200
Empreza Electricidade de Rio Preto	7,500	–	180,000
Cia. Forca e Luz de Jaboticabal	10,400	–	140,004
Cia. Electricidade de Taguaritinga	5,000	–	–
South Brazilian Railways Co., Ltd.	75,000	–	–
Cia. Forca e Luz do Parana	20,000	–	–
Cia. Carres Porto Alegrense	59,997	–	843,024
Cia. Energia Electrica Rio Grandense	160,000	–	145,128
Empreza de Electricidade de Araraquara	7,500	–	101,076
Miscellaneous issues	–	–	779,504

The Compañía Sud Americana de Servicios Públicos, a subsidiary of Intercontinents Power Company, owns two properties in Southern Brazil, supplying electric light and power to a population of about 40,000.

The Companhia Telephonica Rio Grandense of Rio Grande do Sul, belongs to the International Telephone and Telegraph Corporation system.

Under the auspices of the International Telephone & Telegraph Corporation, a new international radio broadcasting service has been inaugurated between Buenos Aires and Montevideo. The transmission was accomplished over underground cables of the United River Plate Tele-

phone Company in Argentina, 35 miles of cable of the Sociedad Cooperativa Telefonica of Uruguay passing beneath Rio de la Plata, and the new open wire copper circuit of the Montevideo Telephone Company from Colonia to Montevideo.

Cotton-seed oil mills of the Rosslock Brazil Company and bunkering establishments of the Caloric Oil Company are controlled by American capital.

The Atlantic Refining Company, Brazil, a subsidiary of the Atlantic Refining Company of Philadelphia, was organized under the laws of Delaware in 1922, and has a capitalization of 10,000 shares of $100 par value.

The Standard Oil Company of Brazil, a subsidiary of the Standard Oil Company of New Jersey, was organized in West Virginia in 1911 and has a capitalization of 5,000 shares of $100 par value.

The Texas Company (South America) a subsidiary of the Texas Corporation, has a capitalization of 1,000 shares of $100 par value and markets a complete line of Texaco products throughout the United States of Brazil.

American capital is also invested in shipping companies. Some of the most important firms, working with United States capital, are:

DuPont de Nemours;
Singer Sewing Machine Co.;
United Shoe Machinery Co.;
General Electric Co.;
All America Cables, Inc.;
Diamond Match Co.;
Ford Co. at São Paulo and Pernambuco;
General Motors Co.

American interests also own two newspapers: The *Brazilian American* and *The River Plate American.*

Prior to the World War, the total of American capital invested in Brazil, aggregated about $50,000,000. Details of American investments in the country, which have been effected since 1914, are presented.

UNITED STATES INVESTMENTS IN BRAZIL

Securities	Amount Issued	Amount Refunded	Price
1916			
São Paulo (City) 6's, 1919–31	$5,500,000	–	96.09–100
Brazilian Traction, Light & Power 6's, 1919	7,500,000	–	99
1919			
Santa Catharina 6's	5,000,000	–	–
São Paulo (City) 6's, 1943	8,500,000	–	95½
Rio de Janeiro (City) 6's, 1922–31	10,000,000	–	–
Brazilian Traction, Light & Power 6's, 1922	7,500,000	$7,500,000	97½
1921			
Brazil 8's, 1941	25,000,000	–	97½
Brazil 8's, 1941	25,000,000	–	98½
São Paulo 8's, 1936	10,000,000	–	97½
Rio de Janeiro 8's, 1946	12,000,000	–	97¾
Rio Grande do Sul 8's, 1946	10,000,000	–	99½
1922			
Brazil Coffee 7½'s, 1955	9,720,000	840,000	97
Brazil Central Railway Electrification 7's, 1952	25,000,000	–	96½
Porto Alegre 8's, 1962	3,500,000	–	99
São Paulo (City) 8's, 1952	4,000,000	–	100
Rio de Janeiro 8's, 1947	13,000,000	10,000,000	103
Santa Catharina 8's, 1947	5,000,000	5,000,000	101
Ceara 8's	2,000,000	–	98
Bahia 8's, 1942	5,000,000	–	99½–100½
Paulista Railway 7's, 1942	4,000,000	–	99
1923			
Maranhao 8's	1,500,000	–	–
Sergipe 8's	1,000,000	–	–
1925			
Santos 10½% notes, 1927	1,700,000	–	–
São Paulo 8's, 1950	15,000,000	–	99½
1926			
Brazil 6½'s, 1957	18,500,000	–	90½
Brazil 6½'s, 1957	35,000,000	–	90
Porto Alegre 7½'s, 1956	4,000,000	–	96
São Paulo (State) 7's, 1956	7,500,000	–	96½
São Paulo Coffee Institute 7's	473,950	–	97½

UNITED STATES INVESTMENTS IN BRAZIL — *Concluded*

Securities	Amount Issued	Amount Refunded	Price
1926			
Brazil Babassu Corp. 7% pfd.	$2,500,000	–	–
Rio de Janeiro Wireless	1,000,000	–	–
1927			
Brazil 6½'s, 1957	41,500,000	–	92½
Pernambuco 7's, 1947	6,000,000	–	97¾
Rio Grande do Sul 7's, 1967	10,000,000	–	98
Rio Grande do Sul Municipalities 7's, 1967	4,000,000	–	97
Rio de Janeiro Treasury Notes	1,187,000	–	–
São Paulo (City) 6½'s, 1957	5,900,000	–	98
Bahia Corp. 7% pfd.	1,500,000	–	25
Brazil Gold & Diamond Corp.	1,000,000	–	–
Ford Industrial Co. of Brazil	100,000	–	–
Cia. Telephonica Rio Grandense	1,000,000	–	–
Cia. Brasileira do Energia Elec. / Cias. Linhas Circular e Trilhos Centraes	11,000,000	–	–
Cia. Francana de Elec.	1,500,000	–	–
Pan American Industrial Corp.	3,000,000	–	–
Ribeirão Preto Power & Light	3,600,000	–	–
1928			
Maranhao 7's, 1958	1,750,000	$1,500,000	94
Minas Geraes 6½'s, 1958	8,500,000	–	97½
Parana 7's, 1958	4,860,000	–	98
Porto Alegre 7's, 1968	2,250,000	–	97½
Rio de Janeiro 6's, 1933	1,770,000	–	99
Rio de Janeiro 6½'s, 1953	30,000,000 [1]	13,000,000	97
Rio Grando do Sul 6's, 1968	23,000,000 [1]	–	94¼
São Paulo 6's, 1968	15,000,000	–	94½
Brazilian Portland Cement Co.	3,000,000	–	–
Brazil Rubber Concession	1,500,000	–	–
Brazilian Traction, Light & Power	22,000,000	–	–
Cia. Energia Electrica Rio Grandense / Cia. Carres Porto Alegrense	24,570,000	–	–
Itabira Iron Ore, Ltd.	–	–	–
Pernambuco Tramways & Power Co.	–	–	–
Santos Improvement Co.	–	–	–
1929			
Rio de Janeiro (State) 6½'s, 1959	6,000,000	–	91½

[1] Part of issue sold outside of United States.

Chile

In less than a decade and a half, United States investments in Chile have increased almost thirty-five fold, chiefly as a result of mining development. Although ranking first as an importer of American capital, Chile holds only fourth place among South American nations as an importer of American goods, being preceded by Argentina, Brazil and Colombia. This is partly due to rapid internal development and the expansion of mining activities.

Chile had an area of 289,890 square miles, including Tacna and Arica which are variously reported as 9,266 and 10,672 square miles. Tacna, which has recently been assigned to Peru, is about one-third the area of the entire province.

From 1900 until 1929 Chile's population increased from 3,000,000 to 4,025,000. In the same time, the total trade increased from about $131,000,000 to about $381,000,000 in 1928. United States imports from Chile, comprising over 30% of the total, showed considerable improvement during the first 10 months of 1928, but are still far below the quantity level of 1925 or 1926. Our exports reacted similarly, although 1928 shipments were only 3% more than in the previous year. The decline from the large exports of 1926 is attributable to unusual capital expenditures of that year in railroad, electrical and mining machinery and equipment.

The United States buys from Chile some $70,000,000 worth of products a year, but only for half of this amount are commodities sold from the United States to Chile. Francis R. Hart [1] gives as one of the reasons a certain resentment by Latin Americans against American investments: "The introduction of American capital in a large way for great commercial developments . . . hurts their pride. They welcome the benefits, but, regretting their own insufficiency, they resent the invasion from outside. Particularly is this so in regard to capital from the United

[1] "Our relations with Spanish America," *Chile*, Vol. V, No. 31.

States as its possible corollary, official intervention, is a nearer danger than with British or German undertakings.

"They will realize that we know that international trade to-day is the result not of the march of armies but of the march of intelligent business men whose fortunes depend on the maintenance of international good will."

According to the report of the Central Bureau of Statistics of the Chilean Government, the total foreign trade of Chile for the year 1927 was $333,453,000, of which the total imports represented $129,510,000 and exports $203,943,000.

Countries	Imports		Exports	
	1921	1927	1921	1927
United States .	$38,360,078	$38,440,000	$27,178,868	$64,381,000
United Kingdom	37,511,490	23,836,000	24,646,460	72,862,000

Chile's international trade shows a continuously favorable balance.

The commercial secretary of the British legation makes the following statement in his report for 1927:[1]

> The Chile of to-day is an entirely different Chile from that of even a few years ago, although very few have yet realized to the full the varied and radical changes which the country, its people and its commerce have undergone. These great changes that have taken place, which have instilled in the people a consciousness of themselves and awakened in them a sense of their power, have not been the work of one man or of one government, but are the natural sequence of the political and social upheavals of the last few years, occurring as they did at that psychological moment when the nation was ripe for social and material development.

The extractive industries account for a major portion of Chile's export trade, copper and nitrates with their by-

[1] Report on the Industrial and Economic Situation in Chile, November, 1927, by W. F. Vaughan Scott, Commercial Secretary to His Majesty's Legation, Santiago (London, 1928).

products comprising over 80% of the total exports. Despite this concentration of products in the export field, these industries have less effect than might be expected upon the economic life of the country as a whole, which has a fairly broad basis of prosperity in its agricultural and manufacturing industries. Nitrate production is of considerable importance, however, in Government revenues and, locally, in the northern part of the country. Restrictions on sales of nitrates removed in June, 1927, by an agreement of the Nitrate Producers Association were reinstated under a plan for cooperative sales imposed by the Government on August 15, 1928, all but the American operators entering under the agreement.

The importance of the nitrate industry can best be illustrated by the fact that cities like Antofagasta and Iquique owe their existence entirely to the development of the nitrate fields. The average annual production is about 2,000,000 metric tons per year. In 1925 the value of the total nitrate production was $125,509,771. In 1913, when all the world's nitrate was supplied by Chile, production stood at 2,738,000 metric tons, but since the rise of the artificial nitrate industry in Europe that figure has not been maintained.

Copper production in 1928 was some 30% larger than in 1927, the investment of United States capital having made Chile the second in rank of copper producing countries. The large copper mines at Chuquicamata and the large Braden mine in the Província of O'Higgins are owned by American corporations, and their product is shipped to the United States and Europe. The total annual copper production amounts to $50,000,000.

In iron as well as in the nitrate industries, American capital is invested. American business men have improved the methods of production and have introduced in Chile recent conceptions as to the responsibility of the workman.

The American Cable Co. and the Santiago Telephone Co. have not only improved the efficiency of those public utilities, but also have established direct communication

with the capitals of Argentina and Uruguay. Telephone lines between all the towns of Chile are under construction. Highways are everywhere under construction to meet the demand for motor traffic.

The most important internal industry is the manufacturing of foodstuffs, employing 16,000 persons, with an invested capital of about $60,000,000 and a yearly output of $100,000,000. The second largest industry is leather, in which nearly 10,000 persons are employed, with an invested capital of $21,000,000. The third largest industry is public utilities, especially gas and electricity, with an annual production of $24,000,000.

Chile is the second largest petroleum consumer of the South American Republics, being preceded only by the Argentine, and annual consumption fluctuates between 700,000 and 800,000 tons. Practically all the oil is landed in the northern ports of Chile for consumption by the nitrate and copper mines and the railways.

Public Finance. The present budget system of Chile was established by a decree of November 13, 1925, on the recommendations of Professor Edwin A. Kemmerer and an American commission of financial advisers whose report was made on the preceding October 3. From 1909 to 1926, there had been only seven annual surpluses, and the cumulative deficit amounted to 161,500,000 pesos. In 1927, the budget began to show a surplus. The public debt at the end of 1926 consisted of:[1] External debt, £26,606,872 and $64,492,335; state guaranties, £6,384,873 and $70,772,915 and 49,504,000 paper pesos; internal debt, 160,588,555 paper pesos and 4,048,000 gold pesos of 36½ c.; floating debt 161,500,000 paper pesos and 150,000,000 gold pesos of 36½ c. The foreign debts were being regularly amortized. It would appear from these figures that the total Chilean public debt is about $375,000,000, of which 75% is held abroad.

The Chilean currency is the peso, the gold peso being originally 18 English pence, or 36.5 cents. The paper peso

[1] Department of Commerce, *Latin American Budgets*, Part II, p. 1, 13, 22.

of the same value fluctuated on exchange. The law of 1926 fixed the value of the gold peso at 6 English pence, or 12.16 cents. The exchange in 1927 averaged very slightly below par.

United States Investments. Although the table herewith shows American investments in Chile of slightly less than $400,000,000, Señor Pablo Ramirez, Minister of Finance of Chile, places our investments in that country at $550,000,000, "surpassing the British outlay," adding that "both investments are protected by legislation which respects all foreign capital." However, in 1925, total American investments, estimated at $440,000,000, were distributed as follows:

Mining properties	$270,000,000
Government loans	100,000,000
Merchandising	22,500,000
Nitrates	40,000,000
Manufacturing	6,000,000
Banking and transportation	1,500,000

At the end of 1928, according to latest and most reliable compilations, American investments in Chile aggregated $618,285,300, distributed as follows:

Government securities	$216,785,300
Mining industries	358,125,000
Manufacturing	11,285,000
Merchandising	22,500,000
Public utilities	6,500,000
Banking	600,000
Miscellaneous	2,500,000

Although British investments have ranked higher than American investments, the latter have been steadily increasing while the former are declining. The British investments are the more widely distributed. Of British capital, 32% is invested in Government and municipal loans; 20% in railways; 15% in tramways and electrical industries; and 13% in nitrates and mining. About 40% of the total investment in Chilean railroads is British capital.

British investments in Chile in 1924 were placed at about $300,000,000, distributed as follows:

Government bonds	£28,774,820
Railways	19,004,601
Miscellaneous	13,788,155
Total	£61,567,576

According to a statement of the British commercial secretary to the legation in Santiago, British capital invested in Chile exceeds £100,000,000.

Not only has American capital entered all of the larger mining and producing industries, but banks, railroads, steamship lines and manufacturing plants have been created or acquired by Americans. There are also American investments in Government securities, and the investments of individuals resident in Chile are of considerable size in the aggregate.

For the purpose of carrying out the public works program in a number of Chilean cities, a consolidated municipal loan to the amount of $15,000,000 was offered in the United States in August 1929. Bonds bear interest at the rate of 7% per annum and are due in 1960. The issue was offered at 94 and interest. About 65 municipalities will participate in the program, and include Santiago, Valparaiso and practically all important cities in Chile, with a population of 1,907,420, or more than 45% of the total population of the Republic.

Insurance underwritten by United States companies and outstanding on December 31, 1924, amounted to:

	Paper Pesos
Life insurance companies	267,073,614
Fire insurance companies	94,362,524
Re-insurance companies	926,627

Railways. In 1923, American investments in Chilean railways were estimated at about $18,000,000. Since 1914 the state railways have been autonomous. In 1921 and 1922 the state railways contracted loans in New York to a total value of £5,000,000 for the purpose of acquiring equipment and effecting such improvements as the electrification of the line from Valparaiso to Santiago and the

branch to Los Andes. Since that time additional capital has been raised in the American market.

Of the Chilean-Transandine Railway, connecting Chile with Argentina, the Chilean Government holds 71% of the stock and the remainder is held by the London branch of J. P. Morgan & Co. and by W. R. Grace & Co.

Nitrate Lands. The Guggenheim interests purchased the Coya grounds from the Chilean Government in 1924 for $3,420,000. The American investments in nitrate have since grown to several times that figure.

The Lautaro Nitrate Company, Limited, an English concern, in 1929 owned 26 plants in operation and about 418 square miles of lands estimated to contain some 30,000,000 metric tons of nitrate recoverable under the Shanks process. In June, 1929, the company issued $32,000,000 of first mortgage 6% convertible gold bonds, due 1954, on the New York market and announced that it was intending to equip a plant with the process of nitrate recovery developed by the Guggenheims, which is 100% more efficient and 40% less costly than the Shanks. The Guggenheim Brothers own more than a majority of the common stock of the Anglo-Chilean Consolidated Nitrate Corporation and are organizing the Lautaro Nitrate Corporation, incorporated in Delaware, whose capitalization will consist of 4,000,000 shares of common stock, over 50% of which will be owned by the Anglo-Chilean Corporation. The convertible bonds of the Lautaro Nitrate Company will be accompanied by warrants entitling holders to receive on January 1, 1930, 10 shares of common stock in the corporation for each $1,000 bond without cost. The Lautaro Nitrate Company has assets of over $85,000,000.

W. R. Grace & Co. and the DuPont interests have been for years in the nitrate business, but not on a large scale.

Mining. The total of American investments in the mining industry exceeds $260,000,000. By far the larger part is invested in the copper mining industry, with an increase of 400% since 1908.

The two principal American companies engaged in the

field are the Chile Copper Co. (capital $110,000,000) operating the mines at Chuquicamata and the Braden Copper Mines Co. The former is controlled by the Anaconda Copper Mining Co., and is capitalized at $109,776,500 stocks and $35,000,000 bonds. The same company controls also the Andes Copper Mining Co. and the Santiago Mining Co. The Andes Copper Mining Co. has invested $40,000,000 in the completion of mining development, construction of metallurgical plant, railway equipment and in working capital. Andes was incorporated in 1916 under the laws of Delaware with 2,000,000 shares of $25 par value, of which 1,228,863 shares are outstanding. Through the Andes Exploration Company, a Delaware concern with 150,000 shares of $10 par value all owned by Anaconda, the latter controls the Santiago Mining Co., organized in Delaware with 400,000 shares of $25 par value of which 328,271 shares are outstanding, Anaconda owning 257,705 shares.

In 1916, Chile Copper acquired the Cia. de Minas y Fundiciones de Calama.

American Smelting controls the Soc. de Minas y Fundiciones de Carrizal which in turn owns the Caldera Copper Smelter.

The Fundicion de Guayacan is owned by the South American Metal Co., a Lewisohn concern organized in 1917. The Guaycan Co. was also formed in 1917 with 150,000 shares of £1 par value, of which the South America Metal Co. owns 120,750 shares.

The Braden Copper Mines Co. is controlled by the Kennecott Copper Co. and has an outstanding capital of $12,953,530. The Tamaya Copper Co. is capitalized at $5,000,000.

An American combination recently bought the gold mines of Cerro Pillag for 1,000,000 paper pesos ($424,500).

The Bethlehem Chile Iron Mines Co. has leased deposits of about 1,000,000,000 tons in the Coquimbo district.

Other Interests. Ford & Co., Grace & Co. and the West India Oil Co. are estimated to have investments in Chile aggregating more than $6,000,000.

Merchandising interests are valued at $22,500,000, represented by the United States Steel Products Co., the Singer Sewing Co., the United States Rubber Co. and the United Shoe Machinery Corporation.

The only railroad controlled by American capital is the Anglo-Chilean-Consolidated Nitrate Corporation, running from Tocopilla to the nitrate fields of this company.

The International Petroleum Co., Ltd., owns tanks and distributing stations.

The All-America Cables has investments of at least $500,000.

The Intercontinents Power Company owns the outstanding capital stock, except qualifying shares, of Compañía Sud Americana de Servicios Publicos of Antofagasta, supplying electric light and power to a population of 65,000.

The Radio Corporation of America has a small investment in a wireless station in Chile, operated by the Compañía Internacional de Radio of Chile.

The banking house of J. P. Morgan, together with W. R. Grace & Company, are understood to own a 29% interest in the Chilean Transandine Railway Company. The capital stock of the latter consists of 1,500,000 ordinary shares of £1 par value, and was originally issued in payment for concessions and to contractors.

The Chile Telephone Company, Limited, belongs to the International Telephone and Telegraph Corporation system, with which is also associated the International Radio Company of Chile. The Chile Telephone Company had over 31,000 telephones in service in 1928. It was incorporated in 1889 to take over the assets of an American company which had commenced business in 1885. In 1890 it absorbed the National Telephone Co. of Chile, receiving a new concession expiring in June, 1944. In 1927, International Telephone acquired 98% of the stock of the Chile Telephone Co., Ltd., or 882,000 shares out of a total of 900,000 shares at £8 per share. With the exception of 1924–25 when 5% was paid on £5 par value shares, Chile Telephone has for the past ten years paid 6% dividends.

In 1924, a 20% stock dividend was paid in addition to the regular 6% cash dividend. The purchase was, therefore, made on a 3.75% yield basis.

In January, 1929, American and Foreign Power acquired from the Whitehall Electric Investments, Ltd., all its holdings in Chile, including the Cia. Chilena de Electricidad, Ltd., and the Cia. de Electricidad de Valparaiso.

The National City Bank of New York has a branch with a declared capital of $500,000.

The only English language paper in Chile "The South Pacific Mail" is also controlled by United States capital.

In 1912, the total amount of American capital invested in Chile aggregated $15,000,000, or only 8.6% of our total investments in South America. American investments made in Chile during the period 1913–28 are presented in detail in the subjoined table.

UNITED STATES INVESTMENTS IN CHILE, 1913–28

Securities	Amount Issued	Amount Refunded	Price
1915			
Chile Copper Co. 7's, 1925 . .	$15,000,000	–	–
Water Co. of Valparaiso 6's, 1938 .	471,000	–	–
1916			
Braden Copper Mines 6's, 1931 .	15,000,000	–	99
Antofagasta & Bolivia Ry. 6's, 1918	3,000,000	–	–
1917			
Chile Copper Co. 6's, 1932 . .	35,000,000	–	100
1919			
Kennecott Copper Co., 1920 . .	6,000,000	–	99½
1920			
American Metal Co. (shares) . .	7,000,000	–	–
1921			
Chile 8's, 1941	24,000,000	–	99
Chile 8's, 1926	9,500,000	–	99
Chile 8's, 1946	10,500,000	–	99½

UNITED STATES INVESTMENTS IN CHILE, 1913–28 — *Concluded*

Securities	Amount Issued	Amount Refunded	Price
1922			
Chile 8's	$1,350,000	–	–
Chile 7's, 1942	18,000,000	–	96½
Valparaiso-Vina del Mar 8's . .	720,000	–	–
1924			
Andes Copper Co. 7's, 1943 . .	40,000,000	–	100
Chile (acquisition of nitrate lands) .	3,500,000	–	–
Chile treasury notes . . .	4,500,000	–	–
Anglo-Chilean Consolidated Nitrate 7's, 1945	16,500,000	–	100
Chilean Mortgage Bank 6½'s, 1957	20,000,000	–	97⅜
Valdivia Iron & Industrial Corp. .	3,285,000	–	–
Chile 6's, 1960	42,500,000	$4,500,000	–
Chilean Mining Corp. . . .	125,000	–	–
Chile Copper Co. 5's, 1947 . .	35,000,000	34,990,500	96¾
Mortgage Bank of Chile 6¾'s, 1961	20,000,000	–	99¼
Mortgage Bank of Chile 6's, 1931 .	10,000,000	–	98¾
1927			
Chile 6's, 1961	27,500,000	–	93¼
Chile 8's, 1932–48	883,300	–	100
Chile State Ry. Notes, due 1928 .	5,800,000	–	–
Santiago 1-year 6's, 1928 . .	1,000,000	–	100.87
Telephone Co. of Chile . .	3,500,000	–	–
1928			
Chile, railway refunding 6's, 1962 .	39,912,000	32,000,000	93½
Chilean Radio Development . .	60,000	–	–
Chile 6's, 1961	16,000,000	–	94
Santiago 7's, 1949	4,000,000	1,000,000	100¼
Andes Copper Corp. . . .	–	–	–
Chile Agricultural Mortgage Bank 6's, 1961	20,000,000	–	95¾
Intercontinents Power Co., 6% Debentures, 1948	1,500,000	–	96
Santiago General Construction Co.	2,000,000	–	–
1929			
Chile 6's, 1962	8,400,000	–	93.5
Mortgage Bank of Chile 6's, 1962 .	20,000,000	–	92

Colombia

The area of Colombia is about 495,500 square miles and offers a wide range of physical characteristics from cool highlands to tropical lowlands. The productive area is found principally on the plateaus and slopes formed by the three ranges of mountains in which the Andes terminate as they approach the end of the continent. Bogotá, the national capital, is situated almost in the center of the highlands at an altitude of 8,680 feet. In the interior there are two wet and two dry seasons, the former lasting from March to May and from September to November. The total population of Colombia is estimated at about 7,280,000, living mostly in the more advanced agricultural regions.

Modern immigration has not had such an influence on the Colombian people as on other Latin American countries. In the cool higher country, Caucasian characteristics predominate, while in the lowlands are found the original Indians, often mixed with descendants of African slaves who were imported to work on the plantations in colonial times.

Colombia has most valuable mineral resources, but is still living in the agricultural stage. Its range of products is exceptionally wide, from the wheat and barley of the high country to bananas which grow at the sea level. Coffee is the most important agricultural crop. Bananas rank second. But grain and sugar are also raised, the former on the plateau of Cundinamarca, the latter in the lower country, especially in the Cauca Valley. Tobacco and cotton are grown successfully. Rice is the ordinary foodstuff and is imported in large quantities.

Coffee is the dominant factor in Colombian economy, despite increasing petroleum production and exportation, and despite the fact that coffee now forms only about 60% of Colombia's exports as compared with over 80% prior to 1926. The petroleum developments are important in Government revenues and in the local prosperity of the

sections where the exploitation is taking place, but have little effect upon the economic life of the country as a whole, aside from their considerable influence in political affairs. Coffee, on the other hand, affects, directly or indirectly, probably 80% of the population of the country, and economic trends in the immediate future must necessarily depend upon the future world coffee prices and production, largely controlled by Brazil. As a result of high prices and fair crops, Colombia has enjoyed four years of extraordinary prosperity, which has led to considerable real estate speculation and inflation, as well as to heavy external loans, despite the appearance of internal prosperity. Borrowings from abroad by national, state and municipal governments attained such proportions that they became a source of recognized danger to the stability of the country, particularly in view of the fact that no definite constructive program has been decided upon for the expenditure of these funds.

United States imports from Colombia, which comprise more than three-fourths of Colombia's exports to the world, have shown a considerable increase, owing chiefly to high coffee prices and to petroleum shipments, which commenced with the installation of the pipe line from the oil fields to Cartagena in July, 1926. Petroleum exports from Colombia were valued at $9,000,000 in 1926 and $22,400,000 in 1927, and exports for the first 10 months of 1928 are valued at $21,465,000. Disregarding petroleum shipments, United States imports in 1926 were 31% more than in the previous year; they declined 10% in 1927 and increased during 1928 to $94,600,000. United States exports to Colombia were exceedingly high in 1926, owing to the unusual prosperity and inflation, but even more largely to heavy expenditures for machinery and equipment by the oil companies, railroads, etc. They declined slightly in 1927, but 1928 gave the record figure of $58,600,000.[1]

Colombia was well known in the Spanish colonial days for its gold mines and the present annual export of gold to

[1] Based on George J. Eder, "Economic Trends in Latin America," *Commerce Reports*, January 7, 1929.

the United States has a value of nearly $2,000,000. The export has decreased because the gold is now used in Colombia itself for coining and as a gold reserve.

Quite remarkable is the production of platinum, of which the annual output ranks Colombia close to Russia. Russia formerly produced 92 to 96% of the total world supply of platinum, but Colombia produces at present about 25% of the total output. Exports of platinum from Colombia into the United States are:[1]

PLATINUM EXPORTS TO UNITED STATES

Year	Quantity (Troy Ounces)	Value
1922	37,230	$2,936,487
1923	32,287	3,162,816
1924	43,463	4,033,370
1925	33,595	3,019,826
1926	39,004	3,488,563
1927	52,048	4,397,833

Public Finance. The budget of Colombia showed a surplus until 1926. On June 30, 1927, the total debt amounted to $20,818,000, or about $3.00 per capita. But in the same year this was increased by a loan of $25,000,000, and an additional loan of $35,000,000 was floated in New York in 1928.[2] These loans increased the net total to about $75,000,000. After their flotation, the Colombian national debt was not much more than one year's revenue. However, the liabilities of the central Government with respect to foreign loans contracted under its guaranty and by the departments and municipalities in 1928 caused the secretary of finance to state quite frankly that the foreign

[1] Memorandum for the use of the Members of the International Economic Conference, by Dr. Esteban Jaramillo, Senator (July, 1926); but compare Department of Commerce, *Commerce Yearbook*, 1928, II, p. 173.

[2] *Colombian Public Finance*, by Charles A. McQueen (Department of Commerce, Trade Promotion Series, No. 43); *Latin American Budgets*, Part III, p. 1; *Commerce Yearbook*, 1928, Vol. II, p. 174.

loans contracted in the last three years had reached such a point that the credit, not only of the borrowers, but of the central Government as well, is endangered.

American investors, up to September 26, 1928, had bought bonds of the central Government, the government-guaranteed Agricultural Mortgage Bank, and the several departments and municipalities to the extent of $191,550,557 of which $171,074,557 represented new capital. This is seen by analysis of Colombian foreign borrowings during recent years.

"Prior to 1920 Colombia's foreign loans had been floated almost exclusively in Europe. In the eight years that have since elapsed, practically all of the foreign financing by the central Government, the departments, the municipalities and the mortgage banks has been in the United States. In fact, the only financing done in Europe during this period was a £1,600,000 loan contracted by the Mortgage Bank of Bogotá in June, 1928. Meanwhile, loans aggregating no less than $235,800,557 were floated in the United States, of which some $215,324,557 represented new American capital invested in Colombian securities.[1] The net amount of capital flotations, distributed according to the borrowing entities, were as follows:

Central Government	$64,445,207
Agricultural Mortgage Bank bonds (guaranteed by central Government)	16,000,000
Departments	64,520,250
Municipalities	25,109,000
Miscellaneous private bank bonds	21,904,000
Mining companies	1,500,000
Oil companies	20,846,000
	$215,324,557

"Since our purpose is to ascertain the extent to which Americans have invested in the securities of public entities, there should be deducted the $21,904,000 representing

[1] From circular of the Department of Commerce, Bureau of Foreign and Domestic Commerce, Division of Finance, Grosvenor M. Jones, chief.

loans of mortgage banks whose bonds are not guaranteed by the Government, or American purchases of shares in private banks; we must deduct also the loans floated by mining and oil companies. This leaves $171,074,557 which we may take as the amount of capital placed by American investors in the public securities of Colombia during the last eight years.

AMERICAN INVESTMENTS IN SECURITIES OF COLOMBIAN PUBLIC ENTITIES

Borrower	Amount	Date	Term in Years	Interest	Purpose	Remarks
Republic of Colombia	$445,307	May, 1920	–	7	Purchase of locomotives.	Credit by a North American locomotive company.
Republic of Colombia	5,000,000	Nov., 1922	5	6½	Retire floating debt and other purposes.	$1,000,000 refunding.
Republic of Colombia	10,000,000	Aug., 1926	½	5½	Not stated.	Bankers' advance repaid from $25,000,000 loan.
Republic of Colombia	25,000,000	Sept., 1927	33	6	Retire short-term loan and public works.	$10,000,000 refunding.
Republic of Colombia	35,000,000	Mar., 1928	33	6	Highway construction.	
Total	$75,445,307 [1]					
Agricultural Mtg. Bk.	$3,000,000	May, 1926	20	7	Provide working capital.	
Agricultural Mtg. Bk.	3,000,000	Feb., 1927	20	7	Provide working capital.	
Agricultural Mtg. Bk.	5,000,000	Oct., 1927	20	6	Provide working capital.	
Agricultural Mtg. Bk.	5,000,000	Apr., 1928	20	6	Provide working capital.	
Total	$16,000,000					
Total Liability of Republic	$91,445,307	–	–	–	– –	$11.000,000 refunding.

Dept. of Antioquia . .	$3,000,000	Oct., 1925	20	7	Retire debt and for railroads.	
Dept. of Antioquia . .	6,000,000	Apr., 1926	20	7	Retire debt and for railroads.	
Dept. of Antioquia . .	3 000 000	Oct. 1926	20	7	Retire debt.	
Dept. of Antioquia . .	820,250	Nov., 1926	20	8	Highways.	
Dept. of Antioquia . .	2,500,000	Feb., 1927	20	7	Railroads.	
Dept. of Antioquia . .	4,000,000	July, 1927	30½	7	Retire internal debt and for highways.	
Dept. of Antioquia . .	4.000,000	Nov., 1927	30½	7	Retire internal debt and for highways.	
Dept. of Antioquia . .	3,750,000	Feb., 1928	20	7	Retire internal debt and for highways.	
Dept. of Antioquia . .	4,350,000	June, 1928	30	7	Retire debt and for highways.	
Total	$31,420,250					
Dept. of Caldas . .	$6,000,000	Mar., 1926	20	7½	Railways and roads.	
Dept. of Caldas . .	4,000,000	Nov., 1926	20	7½	Railways and roads.	
Dept. of Caldas . .	200,000	Aug., 1927	19	6	Not stated.	Probably bankers' advance.
Total	$10,200,000					
Dept. of Cauca Valley .	$4,500,000	Sept., 1928	20	7	Public works, including highways.	
Dept. of Cauca Valley .	1,400,000	July, 1922	10	7	Port works.	

[1] Does not include issues floated originally in sterling and resold in the United States. Such a case, for instance, is the £200,000 of the 1913 sterling loan, offered to United States investors in January, 1922.

AMERICAN INVESTMENTS IN SECURITIES OF COLOMBIAN PUBLIC ENTITIES — *Continued*

Borrower	Amount	Date	Term in Years	Interest	Purpose	Remarks
Dept. of Cauca Valley .	$2,500,000	Oct., 1926	20	7½	Retire debt, highways and railways.	$750,000 refunding.
Dept. of Cauca Valley .	1,500,000	July, 1927	20	7½	Railways and highways.	
Total	$9,900,000					
Dept. of Cundinamarca .	$3,000,000	Dec., 1926	20	7	Railways.	
Dept. of Cundinamarca .	750,000	Early 1928	–	–	General expenses.	Bankers' advance.
Dept. of Cundinamarca .	12,000,000	June, 1928	30	6½	Retire debt, highways and railways.	$3,500,000 refunding.
Total	$15,750,000					
Dept. of Tolima . . .	$2,500,000	Jan., 1928	20	7	Retire debt, highways and railways.	
Total Departmental Loans[1]	$69,770,250	–	–	–	– –	$4,250,000 refunding.
Municipality of Barranquilla	$500,000	Aug., 1925	10	7	Public improvements, especially water works.	
Municipality of Barranquilla	500,000	Dec., 1925	15	8	Public improvements, especially water works.	

Municipality of Barranquilla	500,000	Jan., 1927	20	8	Public improvements, especially water works.	
Total	$1,500,000					
Municipality of Bogotá .	$6,000,000	Oct., 1924	31	8	Retire debt and municipal improvements.	
Municipality of Bogotá .	2,700,000	July, 1927	20	6½	Reimburse city for purchase of light and power companies.	
Total	$8,700,000					
Municipality of Cali . .	$2,000,000	July, 1927	20	7	Retire debt, improve water supply and other productive purposes.	
Municipality of Cali . .	635,000	May, 1927	20	7		
Total	$2,635,000					
Municipality of Medellin .	$2,500,000	1920	3½	6	Public works.	Retired by $3,000,000 loan of 1924.
Municipality of Medellin .	3,000,000	June, 1924	25	8	Retire debt and public utilities.	$2,500,000 refunding.
Municipality of Medellin .	3,000,000	Jan., 1927	25	7	Public utilities.	

[1] Does not include $1,000,000 reported to have been obtained by the Department of Huila and listed by the Banco de la República in its compilation of foreign loans contracted by Colombian departments in its issue of December, 1927.

AMERICAN INVESTMENTS IN SECURITIES OF COLOMBIAN PUBLIC ENTITIES — *Concluded*

Borrower	Amount	Date	Term in Years	Interest	Purpose	Remarks
Municipality of Medellin .	$9,000,000	June, 1928	26	6½	Retire external and internal debt, public utilities, sewer and paving work.	
Total	$17,500,000					$2,726,000 refunding.
Total Municipal Loans .	$30,335,000	–	–	–	– –	$5,226,000 refunding.
Total loans to Central Government, Agricultural Mortgage Bank, Departments and Municipalities	$191,550,557					
Banco Hipotecario de Colombia.	$6,000,000	Nov., 1926	20	7	Provide working capital.	
Banco Hipotecario de Colombia.	3,064,000	Feb., 1927	20	7	Provide working capital.	
Banco Hipotecario de Colombia.	4,000,000	Nov., 1927	20	6½	Provide working capital.	
Banco Hipotecario de Colombia.	1,840,000	Apr., 1928	–	–	American shares.	
Total	$14,904,000					
Banco Hipotecario de Bogotá	$3,000,000	May, 1927	20	7	Provide working capital.	

Banco de Colombia . .	$2,000,000	May, 1927	20	7	Provide working capital.	
Banco de Colombia . .	2,000,000	May, 1928	20	7	Provide working capital.	
Total	$4,000,000					
TOTAL TO PRIVATE BANKS .	$21,904,000					
TOTAL TO MINING COMPANIES	$1,500,000					
TOTAL TO OIL COMPANIES .	$20,846,000					

RECAPITULATION

Loans to —	
Central Government	$75,445,307
Agricultural Mortgage Bank	16,000,000
Departments	69,770,200
Municipalities	30,335,000
Private banks	21,904,000
Mining companies	1,500,000
Oil companies	20,846,000
Total	$235,800,557

"The total revenues and expenditures of the Republic of Colombia during the last five years have been as follows:

Year	Revenues (Pesos)	Expenditures (Pesos)	Surplus (Pesos)
1923	43,535,105	38,554,577	4,980,528
1924	39,862,320	38,913,531	948,789
1925	51,517,758	50,571,409	946,349
1926	60,648,914	68,648,685	7,999,771[1]
1927	78,992,471	86,012,827	7,020,356[1]

"According to these figures, the net result of the financial operations of the republic during the last five years has been a deficit of approximately 8,144,461 pesos. The data for 1927 are taken from the August bulletin of the Banco de la Republica. It should be stated that the revenues for 1927 include 15,724,982 pesos, representing part of the $25,000,000 loan floated in the United States."

In 1928 there was considerable discussion in the Colombian press of the large volume of foreign loans contracted by the various departments and municipalities of the republic and secured, as a rule, by the pledge of the most productive revenues of the borrowing entities. It was felt that the credit of the republic was threatened by this increasing drain upon the nation's revenues. The minister of finance decided to place the issue squarely before the Colombian Congress, and proposed the enactment of legislation giving the national Government complete control over the contraction of future loans by Colombian departments and municipalities. The Colombian Congress in Law 6, June 5, 1928, passed the necessary legislation. Mr. Jones states:

The new law provides that future loans, either foreign or domestic, must be for public purposes. Departmental assemblies,

[1] Deficit.

in authorizing loans, must show that the proceeds are to be used for such purposes. In the case of foreign loans, there is necessary, in addition, the approval of the President of the republic, the Executive acting only after the council of ministers has rendered an opinion in the matter. The governor of any department intending to initiate negotiations for a foreign loan must advise the central Government of the fact, indicating the general lines upon which negotiations are to be conducted. The Government will not approve any departmental loans unless the exact work that is to be done and the advisability and benefits thereof are set forth clearly. There must be given also a copy of the ordinance authorizing the negotiation of the loan and a statement of the manner in which the proceeds are to be disbursed.

In the case of municipal loans a somewhat similar procedure must be followed. Municipal councils may undertake loan negotiations only after authorization therefor has been granted by the Government; such authorization is given only upon favorable recommendation of the cabinet. To obtain the authorization mentioned application must be made to the Government, accompanied by an exposition of the works to be carried out, proof of their desirability and utility, and a copy of the resolution authorizing such works. As in the case of departmental loans, municipal loans must be employed solely for purposes clearly of a public nature. Only under these conditions may the Government authorize the contraction of either a foreign or domestic loan by municipalities. Only under these conditions may authority be granted for hypothecation of municipal properties and pledge of municipal revenues for service on such loans.

If this program is carried out, the national Government will henceforth demand that public works constructed from loans be in accordance with a definite plan.

Even if a public purpose be proved, however, departments and municipalities will not be allowed to borrow unrestrictedly, for the new law provides that the Government will not approve the contraction of a foreign loan if the public service is affected adversely by the requirements of interest and amortization payments. In no instance will the Government consent to a foreign loan when the amounts necessary for the service of the public debt (including the service of the proposed loan) constitute more than 20% of the borrower's ordinary revenues, excluding, in the case of revenues collected by the departments, the municipal participations in such revenues. In the case of loans secured by public enterprises not

considered in the regular budget, the total debt service charges may not be more than the net revenues of the enterprise.

These regulations, if carried into effect, will necessarily result in the restriction of Colombian departmental loans to those necessary for the public welfare, and to such amounts as can be easily serviced. Departments and municipalities may still borrow to convert obligations previously outstanding, however, upon the authorization and approval of the Government. It is not quite clear whether the restrictions applicable to the contraction of loans for public works also apply to conversion loans. If not, the permission to contract such loans seems an unfortunate weakness in the new law. There is no real impediment to the contraction of internal loans by the departments and municipalities, and unless the 20% restriction applies to foreign loans for refunding such obligations, the whole aim of the Government is liable to be thwarted. It is true that even refunding loans must be approved, but it is doubtful whether the central Government would object to a loan proposed by a strong department or municipality, unless it were acting in accord with some general policy.

Colombia is on the gold standard, the unit of currency being the peso valued at one-fifth of the pound sterling or 97.33 cents. Cable transfers at New York have averaged par for several years.

Oil Development. Of particular importance is the amount of American capital invested in Colombian oil. In order to develop the immense acreage recently bought by the International Petroleum Co., Ltd., a subsidiary of Standard Oil of New Jersey, there is said to have been spent an amount of $25,000,000.

International acquired in 1920 control of the Tropical Oil Company, a Delaware corporation, organized in 1916 with 2,000,000 shares of $25 par value of which 1,575,000 are outstanding. Tropical Oil acquired the De Mares concession of 2,000,000 acres stretching 70 miles along the Magdalena River for an average depth of 30 miles. A railroad and pipe lines have been constructed from the wells to the Magdalena River and a refinery and storage tanks have been erected at Barranca-Bermeja. The output in Colombia amounted for the first nine months of

1928 to 16,548,928 barrels, against 15,002,175 in 1927, 6,443,548 in 1926, 1,006,708 in 1925 and 447,743 in 1924.

The Colombia Syndicate holds leases on one million acres. A part of its shares are owned by the Tidal Osage Co., controlled by the Tide Water Oil Co. The South American Oil and Development Co. will develop the Colombia oil properties of the Colombia Syndicate; this concern is controlled by British and American oil companies, the latter including the Standard Oil Co. of Indiana. The Colombia Syndicate, organized in 1919 in Delaware, owns over 1,000,000 acres of selected oil lands in Colombia. Capitalization consists of 3,000,000 shares of $1 par value, of which 2,550,000 shares are outstanding. The Atlantic Gulf & West Indies Steamship Lines own 617,000 shares. In 1920, 150,000 shares were offered for public subscription at $1 per share.

The Colombian Atlantic Refining Company was organized in Delaware in 1925 with a capitalization of 1,000 shares of $100 par value.

The Cities Service Co. (Henry L. Doherty & Co. interests) owns $3,750,000 of the $5,000,000 stock of the Colombia Petroleum Co. American banking and business interests own 50% of the royalty interest of the Barco concession. Lease on the concession is held by the Colombia Petroleum Company.

The Carib Syndicate controls and owns contracts on extensive oil lands in Colombia and Venezuela. Carib Syndicate, Ltd., was organized in 1913 under the laws of the State of New York to acquire holdings, especially in the Magdalena District in Colombia and the Maracaibo District in Venezuela, aggregating about 4,000,000 acres. It owned originally the Barco concession covering 1,250 square miles in North Santander, which has been transferred to the Colombian Petroleum corporation, of which Carib owns one-fourth interest, Gulf Oil Corporation owning the remainder. It also owned about one-fourth of the stock of the Colon Development Company, Ltd., which has been acquired by the Colon Oil Corporation,

Carib receiving 550,000 shares which were distributed to Carib stockholders, one for each share of Carib held. In addition, it still retains the rights on the Vigas concession, which is the principal property of the Colon Development Company, Ltd. It also controls the Equatorial Oil Company, which owns about 29,000 acres of land in the Magdalena Valley, adjacent to the Tropical Oil Company. It also owns one-half interest with the Prudential Oil Company in properties at Honda, aggregating 35,000 acres in Colombia. It owns further the entire capital stock of the Carib Company, which was organized in Maine in 1921, with $268,825, divided into shares of $25 par value. Capitalization consists of 800,000 shares of 25 cents par value, of which 550,000 shares have been issued.

The Colombian Petroleum Company was organized in 1917 in Delaware to control through stock ownership the Compañía Colombiana del Petróleo, which was organized in 1918 under the laws of Colombia for a period of 50 years, to acquire the Barco oil concession covering about 1,500,000 acres of land situated in the Northern Department of Santander. The concession was canceled by the Colombian Government during the latter part of 1926 and re-canceled on different grounds in 1928. The company now holds the Barco concession. Capitalization consists of 2,000 shares of $100 par value, all owned by the Colombian Petroleum Company, in which Gulf Oil Corporation owns 75%. The capitalization of the Colombian Petroleum Company consists of 50,000 shares of $100 par value.

The Transcontinental Oil Company, a Delaware corporation, organized in 1919, acquired a large acreage of oil territory in Colombia, including 24½% in 838,000 acres in which Standard of California owns one-half interest. Transcontinental also owns 85.7% interest in the Mid-Colombia Oil and Development Company, which holds leases on approximately 920,000 acres.

The Bogotá Syndicate of New York has under lease 1,000,600 acres in Colombia of which 420,000 acres are in the Magdalena Valley and the remainder in the Llanos

section. The capitalization consists of 8,000 units of which 5,000 are outstanding.

The Colombian American Corporation of New York owns considerable oil-bearing acreage in the Republic of Colombia.

The Emerald Oil Co. and the Granada Oil Corporation are American corporations with a capital of $5,000,000. The Mid-Colombian Oil Development Co. holds leases on approximately 920,000 acres. The Central American Petroleum Co. holds 4,000,000 acres in Colombia and Honduras. The Union Oil Co. of California owns over 400,000 acres.

The Colombian Oil Concessions was organized in Delaware to acquire through the issue of 650,000 shares without par value the ownership of all the stock of the Bankers Company of Colombia. The latter was incorporated in Colombia and is owner, lessee, concessionaire owning and controlling under various concessions right in and properties covering 13,604,760 acres in Colombia. It has also acquired an undivided seven-eighths interest in the subsoil rights in properties aggregating 11,115,000 acres with respect to which litigation to clear title is pending. The company's capitalization consists of 1,000,000 shares, of which 750,000 shares are outstanding. In 1927, 100,000 shares were offered for public subscription at $6 per share.

The Cucuta Syndicate of New York owns leases in the Department of North Santander in the Republic of Colombia.

The Equatorial Oil Company of New York, organized with a capitalization of 1,500,000 shares of $10 par value, owns 29,000 acres in Colombia. The Carib Syndicate owns 60% of the stock, the remainder being in the hands of the public, principally Pennsylvania interests.

The Granada Oil Corporation owns one-eighth interest in Nato Petroleum Corporation, operating subsidiary of the Magdalena Syndicate, which owns leases in Colombia formerly owned by Granada. The latter is not actively engaged in business.

The Intercontinent Petroleum Company of New York has a capitalization of 5,000,000 shares of $5 par value. In addition to oil properties which the company owns in Colombia, it also holds 80% of the Cachavi Company, which owns title in fee to about 300,000 acres along the Cachavi River in Ecuador. The company further owns the Tachira property in Venezuela and leases in Guatemala.

The Latin America Petroleum Corporation of California, controlled by the Standard Oil Company of California, has a capitalization of 2,500,000 shares of $10 par value, of which 2,100,000 shares are issued. The company controls the Latin America Petroleum Co. in Colombia, which is engaged in exploring and developing oil lands in the Republic.

The Leonard Oil Development Company was organized in Delaware in 1922, with a capitalization of 2,000,000 shares of $25 par value of which 1,856,052 shares are outstanding. The company owns under lease and in fee extensive properties in Colombia and Ecuador.

The Magdalena Syndicate of New York controls a seven-eighths interest in the Nato Petroleum Corporation, the balance being owned by Granada Oil Corporation. Capitalization consists of 1,000,000 shares of $1 par value, of which 850,000 shares are outstanding. The company owns leases of about 65,000 acres in the Magdalena River Valley in Colombia.

The Mid-Colombian Oil Development Company is being operated in Colombia jointly by the Transcontinental Oil Company and the Standard Oil Company of California. It has 6,000 acres in leases in the Guataqui and Carmen districts in Colombia.

The Nato Petroleum Corporation was organized under the laws of Delaware in 1926 to develop the holdings of the Magdalena Syndicate. The company owns leases of about 10,000 acres adjoining the leases of the Magdalena Syndicate.

The Rico Oil Company of New York owns 125,000 acres of oil-bearing lands in Colombia.

The Sogamosa Petroleum Corporation was organized in Delaware in 1926 with a capitalization of 1,000,000 shares of $5 par value, none of which has been issued. The company owns in fee properties in Colombia approximating 45,000 acres.

The South American Gulf Oil Company, a subsidiary of the Gulf Oil Corporation of Pennsylvania was organized in 1916 under the laws of Delaware, with a capitalization of 1,000 shares common of $25 par value. The company operates the properties of the Leonard Oil Development Company, and has also undertaken to develop the property of the Equatorial, consisting of about 30,000 acres.

The South American Oil Company was organized in Delaware in 1925 with a capitalization of 1,000,000 shares of $5 par value. The company owns 500,000 acres in the Republic of Colombia.

South American Oil fields was incorporated under the laws of Delaware in 1923 with 2,500,000 shares of $1 par value. It holds 7,800 acres in the Magdalena basin in Colombia, one-half interest in the United Venezuela Oil fields in Venezuela, 5,276 acres exploitation tracts and 165 exploration tracts and is negotiating for about 33% interest in Venezuela tracts of 700,000 acres. The company also holds a substantial interest in the Venezuela Colombian Corporation.

The Torcoroma Corporation was organized in Delaware in 1922, and has a capitalization of 500,000 shares of $10 par value of which 200,000 are outstanding. Properties comprise 126,233 acres in the Department of Magdalena, Colombia.

Other American oil companies are: The Island Oil and Transport Co., the Gulf Co., the Sinclair Oil Corporation, Ohio Cities Gas Co., Boone Oil Co., Atlanta Oil Co.[1]

The emergency act of November 17, 1927, has aroused some interest in the oil world. This law provides:[2]

[1] *Cf.* Robert W. Dunn, *American Foreign Investments*, p. 75.

[2] Colombia, Decreto No. 150 de 1928 — Sobre Hidrocarburos y exposicion de motivos; Ley 84 de 1927 — Sobre Hidrocarburos.

Art. 1. The nation reserves for itself the property and the right to exploit privately the deposits of hydrocarbons that may exist in the public lands and those deposits which may belong to it by any title whatever.

This rule shall also apply to those hydrocarbons that may exist in lands on which grants, leases or permissions have been given, either for exploration or exploitation, and which may have reverted or may revert to the nation's domain for any cause whatever.

Should the Government, for the especial benefit of the oil deposits referred to in this article, exert the powers given to it by existing laws, it shall submit the respective contracts to the approval of Congress.

Art. 4. The industry of exploiting hydrocarbons and of laying down oil pipe lines having been declared to be of public utility by Art. 9 of Law 120 of 1919, the state reserves to itself the right of laying down, using or exploiting, or of allowing to be laid down, used or exploited, such oil pipe lines within the territory of the republic as may communicate with two or more petroleum exploitations, or one of these with a railway going out of the area of the same exploitations, or with a river or seaport.

The state likewise reserves to itself the right of building up, using or exploiting petroleum refineries, or of allowing them to be built, used, or exploited.

Art. 5. The Government is hereby authorized to establish or to acquire for account of the nation one or several refining plants, in order to make a profit out of the oil it is entitled to in the petroleum exploitations, etc.

To this end the Government is empowered to get the necessary capital in the form of loans.

Art. 6. For the exploitation of oil fields not belonging to the state, a tax shall be paid to the nation, to be levied as follows: eight per cent. (8%) of the gross product when it is a question of deposits located at a distance of over 400 kilometers from the seashore; twelve per cent. (12%) at a distance over 200 kilometers but not exceeding 400 kilometers; and sixteen per cent. (16%) on a location of less than 200 kilometers from the seashore.

The committee of the Colombian Senate explained this law as defensive of the state's right of ownership to subsoil products and as intended to protect the interests of the

country rather than to exclude foreign exploitation of petroleum.[1] In its report the committee said:

> The law in question is not an organic code of the petroleum industry in Colombia, but merely a defensive emergency act. This law once and for all safeguards our mother country from the perils that may arise from the oil industry being developed before the code is enacted, which will be designed to guarantee fully both the sovereignty of the nation and the rights of the individual members of our community.
>
> For the purpose of exploiting oil fields, the national territory is divided into two classes: lands of national ownership (public lands, etc.) and lands of private ownership.

A bill for Colombia's new oil regulation was presented to Congress by Minister of Industry Mantalvo in August, 1929, and passed first reading in both houses. The new legislation, worked out by a committee of Colombian and foreign experts following the attempt in September, 1928, at complete nationalization of Colombia's oil resources, represents an expert endeavor to foster production, give full recognition to private interests, and at the same time to conserve the nation's oil resources. The proposed new law declared that the oil fields in the Department of Santander del Norte, on the Colombo-Venezuelan frontier east of the Oriental range of the Andes, and also the Arauca, Vichada and Meta regions, belong to the national reserves and that their exploitation shall be subject to parliamentary authorization. No reference is made to the Uraba deposits. Petroleum deposits found in the territorial areas, navigable rivers, and in public lands on which no grants were made before 1873 belong to the nation, under the terms of the new bill.

Private rights will be respected, foreign concessionaires must educate Colombian personnel to work in the oil fields and employ Colombian help on an equal footing with

[1] The subject is discussed in *The United States and Colombian Oil*, J. Fred Rippy. (Foreign Policy Association Information Service, 1929, Vol. V, No. 2.)

foreign help. Arbitration will be employed to settle any disputes. No oil grant may exceed 50,000 hectares and no one may exploit more than 100,000 hectares. Transfer of grants will be forbidden when this figure is exceeded. The nation will reserve to itself within each field an area equal to the one granted. Contracts with operating companies will be for 30 years, and may be extended an additional 10 years. Royalties on oil produced in public land grants will be paid on the basis of 50 cents per barrel of crude, gradually increasing to $2 up to the sixth year, and finally reaching a stabilized charge of from 6 to 12½%, varying with the distance of the field from the sea. Gasoline will pay a tax of one-thirteenth of gross production. Oil produced in private lands will pay taxes varying between 4 and 8%.

In connection with the recently proposed oil bill, a report emanating from the Republic under date of September 4 is to the effect that a committee of Congress has approved the first 32 articles with slight modifications. The law is based primarily upon a closed-door policy for unscrupulous speculators; an open-door for honorable operators, whether they are Colombians or foreigners, on the basis of absolute equality; and upon absolute respect for national sovereignty. Colombian newspapers demand that Congress adopt a workable petroleum law, since the proposed legislation prevents the exploitation of the nation's oil fields and advocates a law that will permit exploitation and offer incentives for the investment of capital.

Other Investments. The South American Gold & Platinum Co., controlled by the Lewisohn interests, has an authorized capital of $10,000,000. It was incorporated under the laws of Delaware in 1916 and of the 2,000,000 authorized shares of $5 par value, 1,760,000 shares have been issued. A 7% 10-year bond issue of $500,000 was repaid in 1926. The company operates through the Compañía Minera Choco Pacifico. The company further controls the Anglo-Colombian Development Co. of New York engaged in platinum mining.

The Choco Platinum Placcis was organized in Delaware in 1921 with 600,000 shares of $1 par value. The total recoverable value of platinum has been estimated at $5,000,000.

The Colombia International Corporation, Ltd., was organized in 1926 in Nevada to own and operate gold and platinum mines in Colombia. Capitalization consists of 2,500,000 shares of $1 par value, of which 1,500,000 are outstanding.

The Industrial Finance Contract Corporation was organized in 1923 in Delaware with $300,000 as a holding company to organize operating companies in Colombia and other Latin American countries.

The Colombia Emerald Development Corporation, organized in 1924 in Delaware, owns 1,300 acres of land, including emerald bearing claims in the Department of Boyaca. The company has about 10 miles of aqueduct which supplies water and power for mining operations. The mines are located at Samondoco, near Bogota. Capitalization consists of 1,000,000 shares of $5 par value.

The Breitung Mines Co., with $1,500,000 capital, has a gold and silver mine.

The American International Corporation has two separate companies, G. Amsinck & Co., exporters and importers, and a coffee plantation.

The International Products Company controls a packing plant worth $3,500,000, with a capacity of 175,000 cattle a year.

The Colombia Sugar Corporation, organized in 1927 in Delaware with 100,000 shares class "A" stock and 50,000 shares of class "B" stock, both of no par value. Company owns and operates a sugar plantation, "Castillo," located near Monteria, consisting of 8,000 acres of tillable land and fertile soil of which 1,125 acres are grown with sugar. It owns houses and stores, haciendas, a sugar mill and alcohol plant. The alcohol is disposed of under a yearly contract to the Government. The company's total assets amounted on January 1, 1928, to $1,721,689.

Cincinnati Coffee Co. owns sugar and coffee plantations.

The United Fruit Co. had, in 1923, an investment of $4,642,466. In 1928 it had an acreage of 29,818 in banana lands and owned 30 miles of railroad.

The investments of the Atlantic Fruit Co. in Colombia are from $4,000,000 to $5,000,000.

The West Indies and Colombia Electric Co., with a capital of $100,000, operates the electric lighting and power plant at Santa Marta and the telephone system of Barranquilla.

The Cable Telephone and General Trust, in which English, Canadian and United States capitalists are interested, acquired control by purchase in May, 1929, of the Bogotá Telephone Company.

The Associated Telephone & Telegraph Company controls the Compañía Telefonica de Barranquilla.

The Colombian subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $940,280. The company's subsidiaries supply electric power and light service in Cali, Santa Marta, Buga and certain smaller cities and telephone service in four communities. They also operate ice plants in two communities. The Colombian enterprises include the following:

COLOMBIAN SUBSIDIARIES OF AMERICAN AND FOREIGN POWER COMPANY

Name of Company	Number of Shares	
	Common	Preferred
Cia. de Servicios Publicos de Santa Marta	2,000	–
Cia. de Hielo de Santa Marta	22,500	–
Cia. Colombiana de Electricidad	1,000,000	30,000 [1]
Empreza Energia Electrica de Honda	30,000	–

An American concern representing the Insull group of public utility interests has offered to build a railroad from

[1] Comprising 10,000 shares of first preferred and 20,000 shares of second preferred.

Bogotá to the Atlantic, receiving for each mile of railway the right to exploit 210 acres of oil lands.

The Tropical Radio and Telegraph Co. operates a station in Colombia.

Many American construction companies operate in Colombia. Ulen & Co. have erected buildings valued at $3,750,000 in Bogotá in connection with the $6,000,000 loan, floated in the United States in 1924.

British investments were estimated at $33,000,000 in 1918, but have increased greatly since then owing to petroleum development.[1]

Total United States investments approximate $240,000,000, of which three-fourths is in Government, departmental and municipal bonds. Prior to the war, our investments in Colombia aggregated approximately $2,000,000. The growth of our investments in the Republic is evidenced from the figures presented in the subjoined table.

UNITED STATES INVESTMENTS IN COLOMBIA

Securities	Amount Issued	Amount Refunded	Price
1919			
South American Gold & Platinum Co.	$1,500,000	–	–
1920			
Colombia 7's	445,307	–	–
Colombia Syndicate	1,650,000	–	–
Medellin 6's, 1924	2,500,000	–	–
1921			
Mid-Colombia Oil Development Co.	1,000,000	–	–
Andes Corporation	3,600,000	–	–
1922			
Cauca Valley 7's, 1932	1,400,000	–	–
Colombia sterling 6's, 1913	1,000,000	–	–
Colombia sterling 6½'s, 1927	5,000,000	–	98

[1] Frederic M. Halsey, *Investments in Latin America* . . . p. 243.

UNITED STATES INVESTMENTS IN COLOMBIA — *Continued*

Securities	Amount Issued	Amount Refunded	Price
1924			
Bogotá 8's, 1955	$6,000,000	–	98
Medellin 8's, 1948 . . .	3,000,000	$2,500,000	98
American Maracaibo . . .	7,500,000	–	–
1925			
Barranquilla 7's, 1935 . . .	5,000,000	–	100
Antioquia 7's, 1945 . . .	3,000,000	–	–
Andean Nat'l Corp. 6's, 1940 .	10,000,000	–	100
Colombia Syndicate . . .	1,000,000	–	10
1926			
Antioquia 7's, 1945 . . .	6,000,000	–	91½
Antioquia 7's, 1946 . . .	3,000,000	–	–
Antioquia 8's, 1946 . . .	820,250	–	96½
Barranquilla 8's, 1940 . . .	500,000	–	101
Caldas 7½'s, 1946 . . .	6,000,000	–	95½
Caldas 7½'s, 1946 . . .	4,000,000	–	–
Cauca Valley 7½'s, 1946 . .	2,500,000	750,000	96½
Colombia treasury notes 6 mo. 5½'s	10,000,000	–	–
Cundinamarca 7's, 1946 . .	3,000,000	–	94¾
Medellin 7's, 1951 . . .	3,000,000	–	–
Mortgage Bank of Colombia 7's, 1946	6,000,000	–	95¼
Agricultural Mortgage of Colombia 7's, 1946	3,000,000	–	94
Andean National Corporation .	15,000,000	–	10
Magdalena Syndicate . . .	1,000,000	–	–
Maracaibo Oil Fields, Inc. . .	5,000,000	–	–
1927			
Antioquia 7's, 1945 . . .	2,500,000	–	96½
Antioquia 7's, 1957 . . .	4,000,000	–	94¼
Antioquia 7's, 1957 . . .	4,000,000	–	93
Barranquilla 8's, 1947 . . .	500,000	–	101
Bogotá 6½'s, 1947 . . .	2,700.000	–	91
Caldas 6's, 1946	200,000	–	–
Cali 7's, 1947	2,000,000	–	93
Cauca Valley 7½'s, 1947 . .	1,500,000	–	98
Colombia Treasury notes 5's .	5,000,000	–	92.91
Colombia 6's, 1961 . . .	25,000,000	5,000,000	92½
Colombia Ag. Mortgage Bank 6's, 1947	5,000,000	–	92
Colombia Ag. Mortgage Bank 7's, 1947	3,000,000	–	97¾

UNITED STATES INVESTMENTS IN COLOMBIA — *Concluded*

Securities	Amount Issued	Amount Refunded	Price
1927			
Medellin 7's, 1952 . . .	$3,000,000	–	93¼
All America Cables, Inc. . .	50,000	–	–
Bank of Colombia 7's, 1947 . .	2,000,000	–	96½
Bogotá Mortgage Bk. 7's, 1947 .	3,000,000	–	95½
Bogotá Mortgage Bk. 7's, 1947 .	3,000,000	–	92½
Carib Syndicate	587,500	–	23½
Colombian Oil Concessions . .	5,000,000	–	–
Colombia Coastwise Rys. Co. .	5,000,000	–	–
Colombia Mortgage Bk. 7's, 1947 .	3,064,000	–	97½
Colombia Mortgage Bk. 6½'s, 1947	4,000,000	–	91½
1928			
Antioquia 7's, 1957, 3rd series .	4,350,000	–	96½
Antioquia 7's, 1945	3,750,000	–	95½
Barranquilla (City), 8's, 1948 .	500,000	–	–
Colombia 6's, 1961 . . .	35,000,000[1]	–	95
Cauca Valley 7's, 1948 . . .	4,500,000	–	96
Cali 7's, 1947	635,000	–	–
Cundinamarca 6½'s, 1959 . .	12,000,000	$3,000,000	93½
Cundinamarca	750,000	–	–
Caldas	2,500,000	–	–
Medellin 6½'s, 1954 . . .	9,000,000	2,726,000	93¼
Santander 7's, 1948 . . .	2,000,000	–	94
Tolima 7's, 1948	2,500,000	–	93½
Bank of Colombia 7's, 1948 . .	2,000,000	–	94¾
Col. Ag. Mortgage Bank 6's, 1948 .	5,000,000	–	93½
Mortgage Bank of Colombia .	1,840,000	–	46
Santander Corporation . .	250,000	–	–
1929			
Antioquia 7's, 1945, Series "D" .	1,750,000	–	93

Ecuador

The boundaries of Ecuador are not definitely settled and, taking the various boundary claims into consideration, the area is estimated between 100,000 and 276,000 square miles. The population was estimated at about 2,000,000 in 1926, of which three-fourths are Indians. The white population consists of descendants of the early Spanish

settlers. They are mostly affluent and highly cultured landowners. The mestizos are the more skilled laborers, the artisans and the small shopkeepers. The bulk of the population lives on the land, only one-quarter residing in the cities of which Quito, the capital, has 90,000 inhabitants and Guayaquil 100,000, the latter being the commercial center of Ecuador.

Agriculture is the principal occupation of the Ecuadorian people, who depend primarily upon the successful growing and marketing of their crops.

Cacao is the most important crop in export trade and general economic conditions. Of the total exports in 1926, valued at $12,763,000, exports of cacao accounted for 42%, or $5,307,000. The balance is made up largely of such products as coffee, sugar, cotton and tagua nuts (vegetable ivory). Rubber is of some importance, as is also cinchona bark (quinine).

Among industries, the manufacture of "Panama" hats from toquilla straw is prominent, with an annual export of between $700,000 and $1,100,000.

United States imports from Ecuador, which comprise about one-fourth of Ecuador's exports, dropped 23% in 1926 and 23% in 1927, but increased 5% during 1928 to $5,300,000. Our exports to Ecuador, amounting to nearly half of its total imports, increased 20% during 1928 to $6,600,000, following a 19% gain in 1927, and a 32% loss in the previous year.

Public Finance. In order to bring order into its financial house, Ecuador [1] in 1923 invited John S. Hord, an American expert, to advise the Government in regard to the following points: (1) the balancing of the budget; (2) reorganization of the public debt; (3) increase of exports and imports; (4) stabilization of exchange — reestablishment of gold basis; and (5) loan for debt consolidation and general public improvements.

In April, 1924, the Government reconstituted the Per-

[1] James C. Corliss, *Latin American Budgets, Part II*, p. 52 (Department of Commerce, Trade Information Bulletin, No. 517).

manent Commission of Legislation for the purpose of revising all legislation relating, directly or indirectly, to the public finances, the public debt, the judiciary, banking, agriculture, public works and the stamp taxes. Professor Edwin W. Kemmerer and a commission of American financial experts, were invited in 1926 to undertake a study of the financial and economic situation of the country with a view to submitting specific recommendations for the reorganization of the entire fiscal policy. This Commission made recommendations upon the following points: (1) establishment of a new central bank; (2) enactment of a new monetary law; (3) enactment of a new budget law; (4) reorganization of the Government accounting system; (5) revision of the present system of taxation of rural property; (6) a new general banking law; and (7) new income tax legislation.

The general reforms in public and private finance included the organization of the Central Bank as the sole bank of issue and as a depository and fiscal agent for the Government, the passage of a new monetary law establishing the value of the sucre at $0.20, the installation of a customs administrator and of a comptroller general of Government accounts, the new banking law to be administered by the secretary of the treasury, the 25-year Swedish match monopoly which provided a $2,000,000 loan for erecting a farm loan bank.

The national debt of Ecuador on January 1, 1928, consisted of the following items:

External debt	$19,750,741
Internal debt . . . . . . (sucres) .	19,892,188

The Government guarantees interest on 12,500,000 francs of railroad bonds issued in Paris 1909 and 1913.

In November, 1927, the International Match Corporation of Delaware, an autonomous subsidiary of the Swedish Match Company, granted a debenture loan of 10,000,000 sucres at 88, 8% interest, for a monopoly on matches for

25 years. The company pays an annual concession rental of 1,000,000 for the first five years, the annual payment increasing 100,000 sucres for each additional five-year period. Proceeds of the debenture loan were used for the creation of an Agricultural Mortgage Bank.

The Ecuadorian Government debt comprises the following issues:

Ecuador Government 4% guaranteed Condores bonds (first series); issued, £83,400; outstanding, £71,300;
Ecuador Government 4% salt bonds of 1903; issued, $1,075,000; outstanding, $508,770;
Ecuador Government 5% French railway loan of 1909–11; amount authorized, Fcs. 23,000,000; issued and outstanding, Fcs. 9,000,000;
Guayaquil & Quito Railway first mortgage 5% bonds; issued, $12,282,000; outstanding, $10,726,000; [1]
Ecuador Government 6% loan of 1913, Port de Bahia de Caraquez; amount authorized, Fcs. 10,000,000; issued and outstanding, Fcs. 3,500,000;
Guayaquil & Quito Railway 6% prior lien gold bonds; issued, $2,486,000; outstanding, $94,000; [2]
Central Railway of Ecuador 6% gold bonds of 1914–16; amount authorized, issued and outstanding, £217,500;
Central Railway of Ecuador 6% income bonds of 1916; amount authorized, issued and outstanding, £42,500.

The unit of currency in Ecuador is the sucre. Until March, 1927, its legal par was $0.4867, but in that year its average exchange rate was below $0.19. The Kemmerer Commission recommended its fixation at a par of $0.20, and it remains in that vicinity.

American Investments. American companies which have made considerable investments in Ecuador include:

The South American Development Company, which owns and operates gold mines, exporting to the United States almost a million dollars yearly. Mines are located in the District of Zaruma, Province of El Oro.

[1] Interest amounting to $8,044,500 in arrears and included in debt total.

[2] Entirely paid in 1929 (55th Annual Report of the Council of Corporation of Foreign Bondholders, p. 137).

The American Ecuador Trading Corporation was organized in Delaware with a capitalization of 120,000 shares of $5 par value, of which 90,000 shares are common and 30,000 preferred. A public offering was made of 30,000 shares of preferred and a similar amount of common at $5 per unit, comprising one share of preferred and one share of common.

The Cachavi Syndicate Corporation was organized under the laws of Delaware with a capitalization of 200,000 shares of $10 par value. The company owns 300,000 acres in fee simple with mining rights on the tributary of the Santiago River in Ecuador.

The Andian Corporation, which has valuable oil concessions.

The International Petroleum Company (controlled by the Standard Oil Company) owns a small property in Ecuador on which development is proceeding.

The American Fuel Oil & Transportation Company, which has a lease on 1,792,000 acres.

American capital is also interested in the Guayaquil & Quito Railway Company. The company is the most important railroad in Ecuador, operating 288 miles and connecting the capital Quito with the leading seaports of the republic. The road was begun by the Ecuadorian Government in 1872 and was completed in 1908 by an American company which sold it to the Government in May, 1925. American investors hold considerable portions of the Prior Lien Gold Bonds and of the First Mortgage Bonds. No interest has been paid on the latter since January, 1914, while the sinking fund has been in suspension since 1910.

J. G. White & Company, of New York, have constructed and are interested in an electric tramway in Quito; while the American & Foreign Power Company purchased, in 1925, the local light and power company in the city of Guayaquil and its electric railways.

The Ecuadorian subsidiaries of the American & Foreign Power Company, Inc., reported gross earnings in 1928 of $397,540. Subsidiaries include the Empresa Electrica del

Ecuador, capitalized at 50,000 shares of common and 15,000 shares of preferred.

Prior to the war, American investments in Ecuador were estimated at $10,000,000. By 1920, they had grown to $20,000,000. At the end of 1928, our investments in that republic aggregated about $25,000,000.

Paraguay

Paraguay with an area of about 196,000 square miles is divided into two distinct zones by the Paraguay River. The Chaco, which is in dispute with Bolivia, and is of unknown area, is included in the estimate.

The eastern zone is hilly and covered with forests, but the western section is lowlands along the shore of the Paraguay River. The climate is tropical in the north and subtropical elsewhere.

The population of Paraguay is estimated at 800,000 to 1,000,000, for the greater part mixed Spanish and Indian.

The main products of agriculture are cotton, tobacco, rice, corn and sugar cane; also oranges in great quantities. But the most valuable product is quebracho — extract used for tanning, of which there is annually exported between $3,000,000 and $3,500,000. Yerba maté ranks third in value of exported products.

Cattle raising is an important occupation and Paraguay is especially well equipped with excellent pasture lands. The total number of cattle is estimated at 3,000,000. Hides constitute the chief item of export among animal products.

Paraguay is very much handicapped in its transportation facilities. The Paraguay and Parana rivers are the means of communication with Argentina and Uruguay.

There is only one important railroad from the capital, Asuncion, to the Argentine frontier at Posadas, with a connection for Buenos Aires. Highways are very insufficient — only about 1,200 miles — and in this respect Paraguay is a backward country.

Although cost of production is low, it is markedly increased by very high cost of transportation. Paraguay has additional difficulties to overcome as a result of the increasing competition on the part of surrounding countries, especially Argentina. Notwithstanding these difficulties the volume and value of trade are increasing, although not in comparison with the gain shown by other Latin-American states. Total trade amounts annually to over $25,000,000 and shows regularly a favorable balance.

Conditions were favorable in Paraguay during 1928. United States imports are not indicative, inasmuch as this country takes only 1% of Paraguay's total trade. Our exports to that country are rather more representative, amounting to nearly 20% of the total. These amounts have shown a steady increase since 1923, the year 1928 setting a new record in that trade. This trend indicates a growing tendency to direct shipment from the United States to Paraguay rather than through jobbers in the Argentine Republic, but at the same time it is doubtless an indication of increasing purchases in the inland republic.

Public Finance. In 1871 and 1872 Paraguay [1] borrowed £1,000,000 and £2,000,000 in Great Britain. In 1885 and 1892 arrangements had to be made with the creditors for paying arrears of interest. In London a 5% loan for £440,320 was floated in 1915. During the war remittances were made irregularly, and a sinking fund was created, but in spite of all measures taken the arrears of interest became considerable. A new arrangement was made in September, 1924, under which the debt in sterling was as follows:

[1] *Investments in Latin America.* II. Uruguay and Paraguay, p. 34. (Department of Commerce, Trade Information Bulletin, No. 382.)

INDEBTEDNESS ON LOANS

	November, 1926	1928[1]
Debt of 1886–96	£611,290	£542,290
Certificate coupons in arrears . .	32,797	19,074
5% loan of 1915	386,180	299,840
Total	£1,030,267	£861,204

With some smaller bank indebtedness the total external debt in dollars is about $5,050,000. The annual service of the foreign debt of $300,000. The internal debt was, on the same date, about $2,175,280.

The situation of the entire public debt is as follows:[2]

PARAGUAYAN PUBLIC DEBT

	Gold Pesos	Paper Pesos	Total converted into Paper Pesos
External debt	5,235,005	–	223,063,563
Consolidated internal debt .	1,541,816	21,671,218	87,367,998
Internal floating debt .	33,184	7,739,370	9,153,340
Total	6,810,005	29,410,588	319,584,901

The unit of Paraguayan currency is the peso, which was formerly on a theoretical par with the Argentine peso, $0.9648. The paper peso was, however, in circulation, and the issue of it increased from 65,000,000 in 1913 to 220,000,000 in 1923, when a legal ratio of 18.75 Paraguayan paper pesos to one Argentine paper peso was established, making 42.61 Paraguayan paper pesos equal to 1 Argentine gold

[1] 55th Annual Report . . . Corporation of Foreign Bondholders, p. 277.

[2] Bulletin of the Pan American Union, LXII, p. 1176, gives slightly smaller total as of July 31, 1928.

peso. At that time, the Paraguayan peso averaged $0.0184 on exchange. In 1927 it had advanced in value to and maintains a par of $0.0227.

Foreign Investments. The bulk of foreign investments in Paraguay is held by Argentine interests which in 1912 were estimated at 30,000,000 gold pesos. At the present time, the amount is doubtless considerably larger.

British capital is invested primarily in the country's external debt, the Central of Paraguay Railway (£2,834,000), La Industrial Paraguaya (3,464,000 gold pesos), and in lands and cattle. They may amount to $20,000,000.

French capital, to the extent of some $10,000,000, is invested in the Banco de la Republica and in the Société Foncière. Appreciable amounts of German capital have been invested in cotton plantations, timber lands, and in banks. American interests are especially important in the meat packing business and the quebracho industry.

Prior to the World War total investments of the United States in Paraguay were placed at $3,000,000; the total by 1929 had reached $15,250,000. Subsequently to the adjustment of Paraguay's external debt, appreciable amounts of Paraguayan issues have been acquired in this country.

American interests include the International Products Company (Compañía Internacional de Productos), which is engaged in manufacturing quebracho extract at a rate of 30,000 tons annually and which was established as a subsidiary of the American International Corporation with original capital of $3,250,000. In November, 1919, it combined with the Central Products Company, which was engaged in the meat packing business at San Antonio, with an original capital of $1,500,000. The new company was incorporated under Paraguayan law. It controls 300 square leagues (1,389,600 acres) of land in the Chaco. In 1921 the company placed in the American market an 8% loan to the amount of $2,272,249, of which $1,080,083 was employed for refunding purposes. The bonds were sold at a discount to yield 10%.

The Paraguay Sales Company, an American firm incor-

porated under Paraguayan laws, was capitalized at 500,000 paper pesos, or $250,000 in 1919 when it was organized.

The New York & Paraguay Co. (capital 2,000,000 gold pesos) has 833,000 acres of quebracho properties and the American Quebracho Co. has an authorized capital of 3,000,000 gold pesos.

La Grandadería Paraguaya is capitalized at 500,000 gold pesos and is controlled by the Paraguay Land & Cattle Co., incorporated in Maine in 1913.

Swift & Co. own the Compañía Paraguaya de Frigorífico y Carnes Conservadas, capitalized at $500,000, and Morris & Company the Frigorífico San Salvador del Paraguay, capitalized at $400,000 and leasing 93,000 acres of land.

A company, in which New York capital is interested, the Compañía Americana de Luz y Tracción operates the only tramway in Paraguay, in Asuncion. The legal domicile of this company is in Buenos Aires.

Peru

Peru is the Latin-American country which can boast of the oldest culture and history. Lima, the capital, was founded in 1535 and was the seat of a viceroy whose jurisdiction extended over the greater part of South America throughout the Spanish régime.

Inca Economic Life. Almost exactly 320 years ago, in 1609, the son of a Spanish adventurer and a daughter of Hualpa Tupac, niece of the Great Inca, Huayna Ccapac, published a most interesting study [1] which made available to western Europe an account of the economic condition of the ancient Incas. Owing to the author's connection with the reigning family and to his thorough knowledge of the Inca language, the information contained in this work is most helpful to a better understanding of Inca civilization.

We gather from him that the skill of the Incas was particularly noteworthy in regard to irrigation of land, especially where the supply of water was restricted. The distribution of water in such districts appears to have been

[1] Inca Garcilaso de la Vega, *Los comentarios reales de los Incas.*

regulated by measures which even to-day would not seem entirely obsolete. In periods of drought, the respective governments agreed to supply water. The amount of water required for the irrigation of one *fanegada* of land was determined and, according to fixed regulations, every *fanegada* received its quota, without discrimination as regards the owners of the land. Neither the rich nor the noble nor the friend or relative of a *Curaca*, nor the *Curaca* himself, nor even a minister or the governor of the province, received more water for the irrigation of his property than the most insignificant of his countrymen. The well-being of the state was the sole purpose of all the regulations and laws of the Incas, and no favor was granted to anybody. Irrigation was compulsory.

Not only was the distribution of the water supply regulated by the state, but also the tilling of the soil and the cultivation of the crops, important among which was the *uchu*, or pepper. The tribute paid by citizens to the King consisted of manual labor to cultivate the properties of the Sun-God and the King, and to store the crops in the granaries of each village. The granaries were built of clay mixed with straw, and the size of each was sufficient to hold the winter provisions of the population. Some of them could hold from 50 to 200 *fanegas*. Each granary had a passage down the middle, leading from one granary to another, so that each could be emptied or filled at pleasure. To facilitate access, each granary had small windows in front, divided into eight squares and opening so as to make possible the measurement of the quantity of grain that was taken out. The crops belonging to the Sun-God, or the King, were stored separately, though in the same warehouse.

The seeds for sowing were given by the ruler. The Indians tilled and cultivated their lands, the only regular tribute due to the King being this personal labor.

The King of the Incas allotted one-third of the lands to the people. No person had any private property right to this third part, which was held through the generosity of the

Incas and could not be sold or divided among heirs. These lands were divided every year, and each man was assigned a certain portion for maintaining himself and family. The annual allotment was smaller or larger, according to the size of each family. This land never paid any tribute, except the personal labor required to till the land and to store the crops in the granaries.

Another personal tribute was to make clothes, shoes and arms for the soldiers and those who could not work, owing to age or illness. It is of interest to note that a province which was called upon to supply wool for clothes was relieved of all demands for arms and shoes. Exemption from tribute was enjoyed by all members of the royal family, by priests, and by governors, judges and other government officials during their terms of office only.

Gold, silver and precious stones were not valued as treasure, but only for their beauty and splendor, because they were not necessary for the affairs of war or peace. Buying and selling of them was unknown, but they were presented to the King to be used as ornaments for the palaces and temples. In place of precious metals or stones, baskets of fruit were presented to the King as a token of devotion.[1]

The storehouses containing clothes, shoes and arms for the soldiers were built along the state roads, so that a passing army would always find a supply of the necessary equipment.

Begging was forbidden and severely punished. Along the roads, houses were built for travelers, where they could get food and necessaries for their journeys. Traveling was not undertaken for pleasure, but only by those who were sent by order of the King or his officials. Any one who traveled without just cause was punished as a vagabond.

Of considerable interest is an Inca law promulgated against luxury in clothes and excessive eating.

When our ancestors in northern Europe were living as cave-dwellers, there must have existed settled agricultural

[1] See Father Acosta, *The Revenue of the Inca and the Tribute.*

communities in the Peruvian region, and the most specialized system of agriculture in the Western hemisphere was attained there centuries before Columbus discovered America. Most of the agriculture was on artificial terraces built in such a way as to receive the full exposure of the sunlight. Even the courses of the rivers in the valleys were narrowed and straightened so as to irrigate these terraces. When there was little rain, it was possible to distribute the available supply of water equally over all the land.

Even in comparison with the hanging gardens of Peru, those of Babylon were insignificant and only a transient toy of 3,000 years ago, and, odd though it may seem, these gardens of Peru, though of unknown age, are still in existence and in use to-day. There are many slopes of 50 terraces — each terrace ten feet high, which means a vertical height of 500 feet.

Modern Conditions. Peru to-day comprises an area of some 525,000 square miles, including the long disputed Tacna territory. Although situated near the Equator, its climate is tropical only in the Transandean region. The central area of Peru contains the massive mountains of the Andes. Here the temperature is rather cold, and outside of mining and sheep raising we find extensive agriculture, although on a more or less primitive scale.

Out of the population of 5,500,000 only 600,000 are pure whites and the rest Indians or half-breeds. The foreign population is about 40,000, of whom 25,000 are Chinese and Japanese.

Petroleum now constitutes about one-third of Peru's total exports, with cotton, sugar and copper averaging 25%, 18% and 17%, respectively, over the past four years. Copper and petroleum exports are not indicative of general prosperity, however, as they affect only a small percentage of the population, aside from their contribution to Government revenues.

United States imports from Peru in 1926 were 26% more than in the preceding year owing to large petroleum and

copper shipments, so that the decline of 8% in 1927 was not significant and the further increase in 1928 to £P8,-897,062 from £P8,479,232 not expected. United States exports similarly showed a 27% gain in 1926 owing to heavy shipments of oil machinery and equipment, etc. In 1927 these exports dropped 15% to £P7,817,099, and during 1928 still further to £P6,941,229.

The United States and Great Britain each take about one-third of Peru's exports. The United States imports chiefly mineral products while England purchases chiefly the agricultural products of Peru. The imports from the United States are very much larger than those from England.

The main industry of the people is agriculture, sugar cane and cotton representing the principal products, with an annual output of 300,000 tons and 200,000 bales respectively. Sugar is exported mostly to Chile and Bolivia, but the other agricultural products like rice, wheat, tobacco and corn are consumed at home.

The famous guano deposits are found on the islands along the coast and a well-equipped corporation, controlled by the Government, distributes an annual output of about 100,000 tons.

Peru is very rich in mineral resources including gold, silver, coal, lead, bismuth, mercury and copper, which is especially important. Peru is the only country in the world where vanadium is found.[1]

Peru ranks high among the oil-producing countries of Latin America, with a yield of about 7,000,000 barrels a year. The Peruvian law governing petroleum concessions dates from January 2, 1922. Art. I provides that "deposits of petroleum and hydrocarbons in whatever state discovered are national property. The executive may only give concessions of petroleum deposits or analogous hydrocarbons in conformity with this law . . . with the exception of asphalt, asphaltic rocks and bituminous schists, the de-

[1] W. E. Dunn, *Peru: A Commercial and Industrial Handbook*, p. 401 (Department of Commerce, Trade Promotion Series, No. 25).

posits of which will remain subject to the provision of the mining code." The companies holding concessions must be legally domiciled in Peru. The taxes are deemed fair and the only serious criticism made is that the terms of the law are onerous regarding exploration of concessions in virgin territory.[1]

The railroad system is relatively large, the system comprising about 2,100 miles, of which 1,500 miles are state property. A total mileage of 1,167 is operated by the Peruvian Corporation, a British organization, in accordance with an arrangement made in 1890, in consideration of the liberation by the Peruvian Government of its liability for its outstanding foreign debt.

Highways are much needed to meet the increasing motor traffic, and large sums are expected to be invested in highway construction, in addition to appreciable sums which have already been employed in highway construction. About 13,000 miles of roads exist in the country.

Public Finance. In 1890 Peru entered into the first composition with its foreign creditors. The foreign debt as then constituted was canceled in consideration of certain privileges and concessions granted to the Peruvian Corporation as the holder of Peruvian bonds. The proceeds of the old smaller loans, which were floated as early as 1822 and 1825, were mostly supplied in the form of war materials and supplies. The earliest external loan still outstanding is that of 1909, originally £1,200,000, obtained in France by hypothecating the revenue of the salt monopoly. The following list accounts for all Peruvian foreign loans since its independence:

[1] W. E. Dunn, *Peru: A Commercial and Industrial Handbook*, p. 200 (Department of Commerce, Trade Promotion Series, No. 25).

PERUVIAN FOREIGN LOANS

Description	Source	Original Amount	Disposition	Outstanding Dec. 31, 1926
1822				
Loan to purchase war material, 6%	England	£1,200,000	Refunded principal and interest	–
1825				
War Loan, authorized £1,500,000, only placed £616,500, 6%	England	£616,500	Refunded principal and interest	–
1849				
Loan to convert principal of 1822 and 1825 loans, 3%	England	£1,788,800	Refunded, 1853	–
1853				
Loan to redeem 1849 6% loan, 4½%	England	£2,600,000	Refunded, 1862	–
1862				
Loan to retire all prior sterling debt and to reform currency, 4½%	England	£5,500,000	Refunded in part in 1865	–
1865				
Refunding loan 5%	England	£10,000,000	Refunded in 1871	–
1869				
Construction of railways 6%	England	£290,000	Transferred to Peruvian Corp., 1890	–
1870				
Construction of railways 6%	England	£12,000,000	Transferred to Peruvian Corp., 1890	–

1871				
Public works 5%	England	£23,215,000	Transferred to Peruvian Corp., 1890	–
1905				
Loan secured by revenue from salt	Germany	£600,000	Repaid from proceeds 1909 loan	–
1909				
Salt loan 5½%	France	£1,200,000	–	£729,680
1920				
Purchase of railway from Lima to Huacho 5%	England	£720,620	–	£644,980
1922				
Guano loan 7½%	England	£1,250,000	–	£1,189,500
Petroleum loan 8%	United States	$2,500,000	Refunded, 1925	–
1924				
Sanitation loan 8%	United States	$7,000,000	Refunded, 1928	$5,534,500
1925				
Petroleum loan 7½%, due 1940	United States	$7,500,000	Refunded, 1928	$7,500,000
1926				
Sanitation loan 8%	United States	$2,000,000	Refunded, 1928	$1,969,000
Republic of Peru gold bonds 7½%, due 1956	United States	$16,000,000	–	$16,000,000
1927				
Sinking fund gold bonds 7%	United States	$15,000,000	–	$15,000,000[1]
Peruvian national loan 6%	United States	$50,000,000	–	$50,000,000
1928				
Republic of Peru 6% gold bonds, due 1961	United States ($17,500,000)	$25,000,000	–	$25,000,000

[1] March, 1927.

The unit of Peruvian currency is the pound of $4.8665 par. In 1918, the Peruvian pound on exchange was valued at $5.27, from which it dropped to $3.60 in 1921, recovered in 1923–25, and varied between $3.75 and $4.00 until stabilized at the latter figure early in 1928.

Foreign Investments. In 1917, the United States Department of Commerce estimated that the investment of foreign capital in Peru amounted to $200,000,000. In 1925, it recapitulated the estimates as follows: [1]

FOREIGN CAPITAL IN PERU

British	$125,000,000
United States	90,000,000
Italian	40,000,000
German	22,000,000
French	10,000,000
Chinese	10,000,000
All others	1,000,000
Total	$298,000,000

Walter R. Ingalls [2] estimated American investments in Peru in 1918 at $85,000,000, as compared with $35,000,000 prior to the war. Recent increase has been due chiefly to petroleum exploitation, since mining industry has been long established.

The largest American investments in Peru are in copper mining. The largest copper mine in the country is owned by the Cerro de Pasco Copper Corporation, an American-owned concern, incorporated in 1915 in New York with 1,240,000 shares of no par value of which 1,122,842 shares are outstanding. It owns 5,900 acres covering three-fourths of the rich Cerro de Pasco district with 70,000 acres of surface rights including power and smelter sites, water rights, etc. It also owns 1,865 acres of coal lands north of Cerro de Pasco. Ore bodies carry gold, silver, copper, lead, zinc and cobalt. The company owns $2,850,000 of

[1] W. E. Dunn, *Peru: A Commercial and Industrial Handbook*, p. 261 (Department of Commerce, Trade Promotion Series, No. 25).

[2] *Wealth and Income of the American People.*

the capital stock of the Cerro de Pasco Railway. In 1917 it acquired the Cerro de Pasco and the Morococha Mining companies which had been dissolved and whose assets were transferred to the Cerro de Pasco Copper Corporation. It is further reported to have acquired the Compagnie des Mines de Huaron, a French copper and gold producing company with a capitalization of Fcs. 12,000,000. A subsidiary of Cerro de Pasco, the Sociedad Minera Backus y Johnston del Peru owns copper and silver mines and controls the Fundicion de Casapalca. It was incorporated in Peru in 1917 with 300,000 shares of £P1 par value.

The American Smelting and Refining Company owns the capital stock of the Northern Peru Mining & Smelting Company, while the Anaconda Mining Company controls the Andes Exploration Company, organized in 1916 in Maine with a capitalization of $2,225,000. The company's reserves are placed at 20,000,000 tons of 1.92% copper.

Other mining concerns include the Vanadium Corporation of America, containing the largest vanadium ore deposits in the world and producing about 92% of the world's vanadium output. Vanadium was incorporated in 1919 in Delaware with 500,000 shares, of which 378,367⅓ shares are outstanding. It owns 2,372 acres of vanadium mines. The ore deposits are among the richest and most productive vanadium deposits in the world. The company is affiliated with the Negociacion Minera Fernandini which owns silver, bismuth and quicksilver mines in Peru.

The South American Metal Company of Peru was organized by American Metal Company, Ltd., to act as its representative and do a general business, especially in connection with the purchase and shipment of ore.

The Inca Mining Company operates one of the largest gold mining concerns in the country, while the Santo Domingo Gold Mines own extensive property in the southern part of the republic.

Well over two-thirds of Peru's oil output is controlled by American interests, chiefly the International Petroleum

Company, a subsidiary of the Standard Oil Company of New Jersey. In 1914–15 control was acquired of the London & Pacific Petroleum Company with a capitalization of £1,000,000. The company's Peruvian holdings comprise an area of about 1,000,000 acres. The output amounted to 9,503,720 barrels in 1928 as compared with 7,776,139 barrels in 1927, 8,632,125 in 1926 and 7,347,610 in 1925. The company was organized in 1920 under the laws of the Dominion of Canada. Capitalization consists of 200,000 preference shares of $2.50 par value, and 39,800,000 shares of common stock without par value, of which 14,304,808 are issued. Shares are quoted in New York and are selling at about $60 a share.

The two principal cotton mills in the country are owned by American capital, which is also interested in sugar estates.

All America Cables has secured a concession to establish wireless telephone and telegraph stations for point to point and international communication in Peru.

According to reports published in August, 1929, President Leguia of Peru by executive decree canceled for alleged breach of contract the Lee concession, involving over 12,000,000 acres in the basins of the Huallaga and Maranon Rivers, tributaries of the upper Amazon. The concession showed indications of rich petroleum deposits in that area, and a group of American capitalists is understood to have been taking an active interest in the region. The concession was obtained by Bertram T. Lee, an American through an act of the Peruvian Congress in 1926. Under his contract, Lee was to construct a railroad within seven years from Iquitos, on the Amazon, to the Pacific Coast, and two motor roads starting from the Maranon River near Bellavista and continuing to Moyobamba. For a period of 30 years the concessionaire had the right to denounce mineral claims, including petroleum, in the basins of the Maranon and Huallaga, the Government to receive 6% of the product. The contract provided that the concession might be annulled if the concessionaire

failed to begin construction of the railway to the Pacific within one year and if three years passed without his having constructed 70 kilometers of the road.

The influx of American capital into the country during the past decade is detailed hereunder.

UNITED STATES INVESTMENTS IN PERU

Securities	Amount Issued	Amount Refunded	Price
1920			
Cerro de Pasco Copper 8's, 1930	$8,000,000	–	100
1922			
Peru 8's, 1932	2,500,000	–	97
Lima 5's, 1976	250,000	–	64
1924			
Peru 8's, 1944	7,000,000	–	99½
1925			
Peru 7½'s, 1940	7,500,000	$1,600,000	97¾
Peruvian Oilfields Corporation	2,100,000	–	–
1926			
Peru 7½'s, 1956	16,000,000	–	100
Peru 8's, 1944	2,000,000	–	–
Cia. de Fosforos de Peru	2,160,000	–	–
Hacienda Paramonga	2,100,000	–	–
Standard Oil Co. of Peru	3,500,000	–	–
1927			
Peru Treasury Notes	460,000	–	–
Peru 7's, 1960	15,000,000	–	96½
Peru 6's, 1960	50,000,000	23,930,000	91½
Peruvian Petroleum Corp.	100,000	–	–
1928			
Lima 6½'s, 1958	3,000,000	–	93
Peru 6's, 1961	25,000,000	15,000,000	91
Banco Internacional de Lima	400,000	–	–
Callao Construction Works	6,500,000	–	–
Frigorifico Nacional	1,800,000	–	–
Peruvian Portland Cement Co.	760,000	–	–
Peruvian Foreign Investment & Trust Co.	160,000	–	–
Peruvian Airways Corporation	100,000	–	–

URUGUAY

Uruguay is the smallest republic in South America, with an area of 72,172 square miles. The population of 1,720,000 is of almost unmixed blood, and the majority are in comfortable circumstances. The percentage of foreign born, mostly Spanish and Italian, is 25%.

The climate is excellent and agriculture and pastoral industry are very well developed. Of the 45,000,000 acres of land, 41,350,000 are pasture land, 2,000,000 devoted to agriculture, and 1,650,000 are forested.

The total amount of live-stock is estimated at 10,000,000 cattle and 22,000,000 sheep. There are four modern packing plants which in the season slaughter about 4,000 head of cattle and 7,000 sheep a day. The animal wool export is about 100,000,000 pounds.

Mining is unimportant comprising gold, which is found in small quantities, and emerald mines.

Uruguay possesses only one navigable river, the Rio Negro, whereas most of the South American countries abound in navigable rivers. But 668 miles of the national boundaries are on the ocean or rivers.

The railroads have a mileage of 1,650 miles, connecting Montevideo with other towns of importance. Material progress has been made in highway construction throughout the country, there being 5,172 miles of roads.

During the first nine months of 1928, Uruguay's exports were 4% more than in the corresponding period of the previous year, owing chiefly to increases in wool, meats, and meat products. Exports of pastoral products, wool, beef, hides, mutton, etc., constitute some 90% of Uruguay's total exports, so that United States imports from that country are not particularly significant in determining general economic conditions inasmuch as this country buys only a small proportion of Uruguay's exports of these products. United States exports, on the other hand, comprise nearly a third of the total imports and are more indicative of general trends. They attained a figure of

$29,267,000 in 1928. Uruguay sent to the United States $10,653,000 worth of goods.[1]

Public Debt. On January 1, 1927, the total funded debt amounted to 222,111,295 pesos (1 peso equals $1.03).

Year	Internal (Pesos)	External (Pesos)	Total (Pesos)
1915	26,481,802	121,077,787	147,559,589
1927	75,436,251[2]	146,674,044	222,111,295

The increase in the external debt in the years up to 1927 was caused by:

(1) The issuance of £838,877 5% sterling bonds in 1919 to acquire certain railroad lines;

(2) The issue of $30,000,000 6% bonds in New York in 1926;

(3) The sale of $7,500,000 of 8% bonds in New York in 1927.

The sinking funds applicable to the prewar foreign loans were suspended in 1915, but resumed in 1921 and 1922. In 1924 the customs duties were assigned to the service of the sterling loans by agreement with the Corporation of Foreign Bondholders, service requiring 38% of the 1928 receipts as compared with the pledged percentage of 74.5%.

The public debt on December 31, 1928, stood:

[1] *Bulletin of the Pan American Union*, LXIII, p. 505.

[2] Includes 2,538,500 pesos of the "international" debt, for the construction of a bridge over the Yaguaron River and an agricultural institution, both in cooperation with Brazil.

PUBLIC DEBT OF URUGUAY, DEC. 31, 1928

	Per Cent	Pesos
EXTERNAL DEBT:		
Consolidated debt	3½	65,107,690
Uruguayan loan of 1896	5	2,133,800
Conversion loan of 1905	5	22,627,206
Public works loan of 1909	5	4,627,718
5% gold bonds of 1914	5	4,738,446
Gold bonds of 1915	5	1,322,937
Gold debt of 1919 (La Paloma Ry.)	5	945,985
Gold debt of 1919 (Eastern Ry. of Uruguay)	5	2,426,516
Gold loan of 1921	8	7,225,680
External gold bonds of the Republic	6	28,183,533
		139,339,511
INTERNAL DEBT	–	71,828,808
Total public debt	–	211,168,319

The unit of Uruguayan currency is the gold peso, sustained by a gold reserve and valued at $1.0342 at par. Since 1926 it has held slightly under par on cable transfers.

Foreign Investments. The bulk of foreign investments in Uruguay is British, estimated in 1926 to amount to 90,000,000 pesos.[1]

The investment of United States capital in Uruguay in 1926 was estimated at about $40,000,000 and had been doubled since 1920. About $30,000,000 is invested in industrial enterprises.

The British owned Montevideo Telephone Company, Ltd., which had a capitalization of 217,135 shares of £1 par value was acquired by International Telephone and Telegraph Corporation in 1927 and a new concession contract from the Government permitting extension of modern

[1] Frederic M. Halsey and G. Butler Sherwell, *Investments in Latin America*, II, p. 4 (Department of Commerce, Trade Information Bulletin, No. 382).

telephone service throughout the republic is being negotiated. The corporation has a similar relation with the Sociedad Co-operativa Telefónica Nacional of Montevideo, which is a party to the establishment of the Uruguay-Argentina-Chile long distance installation.

The Montevideo Telephone Company was established in July, 1888, to acquire the business of a local company in Montevideo. In 1889, it purchased the business of a competing company. International is reported to have paid £2 a share for 99% of the outstanding capital stock, or £429,927. Dividends for 1926–28 were paid at the rate of 8% per annum, so that the American investment was acquired on a 4% yield basis.

The Texas Corporation operates in Uruguay through Taranco & Company, who act as distributors for the Texas Corporation in Uruguay of Texaco products.

The International Portland Cement Co., through the Uruguay Portland Cement Co. has a large investment at Montevideo with a daily production of 81,800 barrels.

The Compañía Swift de Montevideo is a subsidiary of Swift Internacional. Armour & Co. have a plant, and refrigerator service and cold storage plants are owned through local subsidiaries.

The Wilson packing interests are represented by the Compañía Wilson Internacional, organized in Uruguay in 1918 with 5,000,000 pesos (gold) of which 4,642,400 pesos are outstanding. The company holds the stock of Frigorífico Wilson de la Argentina and Frigorífico Wilson do Brazil. The former was incorporated in 1913 in Argentina with 10,000 shares of preferred and 40,000 shares of common, both of 100 pesos (gold) par value, and owns and operates a packing plant at Buenos Aires. The Brazilian company was organized in 1918 with 2,000 shares of 1,000 milreis (gold) par value, to own and operate a packing plant at Santa Ana, Brazil.

At the Rio Negro is a larger power plant under construction to cost about $15,000,000.

The National City Bank has a branch in Montevideo

with a capital of 483,000 pesos and deposits of around 1,000,000 pesos.

Ulen & Co., a Stone & Webster subsidiary, has built a water supply and sewer system in three different cities in Uruguay.

The entire amount of American capital invested in Uruguay prior to the war aggregated only $5,000,000.[1] Subsequent investments are detailed hereunder.

UNITED STATES CAPITAL IN URUGUAY

Securities	Amount Issued	Price
1915		
Uruguay 5's	$1,503,325	90
1919		
Uruguay 5's	1,131,500[2]	–
1921		
Uruguay 8's, 1946	7,500,000	99½
1922		
Uruguay 1 year notes, 1923	3,090,000	100
Montevideo 7's, 1952	6,000,000	97
1924		
Uruguay Treasury bills	2,000,000	–
1925		
Montevideo Port Works 6's	1,000,000	–
1926		
Montevideo 6's, 1959	5,171,000	93¼
Uruguay 6's, 1960	30,000,000	96½
1927		
Montevideo Telephone Co.	1,950,000	10

[1] Robert W. Dunn, *American Foreign Investments*, p. 85, gives further details.

[2] Part of a total of $3,943,500 was issued in London.

Venezuela

Venezuela has an area of 393,976 square miles, situated in the northern part of the South American continent. The climate is tropical, with excellent opportunities for coffee and cacao plantations.

Coffee is the most important agricultural article of export — about 40% of the total export and cacao about 10%. Besides sugar, corn and tobacco plantations are a source of income for the population of about 3,000,000, who for the most part live in the highlands and interior valleys. The coffee production yields an annual crop of 100,000,000 pounds and cacao, 40,000,000 pounds.

In recent years, oil has begun to assume a very important part, rising to 60,000,000 barrels in 1927. The export of oil is about 40% of the total exports by value. Gold and copper mining is done, but not to any great extent.

Domestic industries are rapidly developing and increasing in number. The preparation of divi-divi extract for tanning is an industry unique to Venezuela.

The railway system is not large — only about 660 miles, mostly concentrated in the neighborhood of the capital, Caracas, and its port, La Guaira. The roads are privately owned. Highways are under construction throughout the country, and about 6,000 miles are already available for the steadily increasing auto traffic.

United States imports from Venezuela are misleading in view of the large share composed of petroleum products. Aside from petroleum, our imports during the first 10 months of 1928 showed an increase of some 38% over those of the previous year, after a decline of 9% in 1926, and of 17% in 1927. Petroleum production continues to increase steadily, having risen from 36,700,000 barrels in 1926 to 62,800,000 barrels in 1927, and 84,537,000 barrels during the first 10 months of 1928 alone. Our exports, which constitute over 50% of Venezuela's total imports, showed an increase of 57% in 1926, owing to large imports

of oil machinery, pipes, pumps, etc. They declined 15% in 1927, but the figure for 1928 showed a 9% increase.[1]

The Venezuelan petroleum law dates from June 19, 1920. No restrictions are placed on foreign countries other than subjection to the Venezuelan laws and courts and the stipulation that all foreign companies must be legally constituted in Venezuela.

Public Finance. The public debt of Venezuela amounted to 79,953,119 bolivars on December 31, 1927, as compared with 117,348,302 bolivars on December 31, 1922. Of the 1927 total, 45,823,811 bolivars was the external debt consisting of the 3% diplomatic debt of 1905 and the national 3% diplomatic debt (Spanish, French and Dutch), both of which are regularly being redeemed. The form of these debts dates from the settlement with states that blockaded Venezuelan ports in the Castro régime, resulting in protocols signed at Washington in February, 1903. The diplomatic debts represented a consolidation or refunding of earlier debts and the principal issue of 1905 was authorized in the amount of £5,229,700 with 1% sinking fund, customs duties being assigned as a guaranty of redemption. Semiannual service has been uninterrupted since June, 1905, and in December, 1928, the Venezuelan Government began to anticipate redemption by doubling remittances.

The Venezuelan unit of currency, which is on the gold standard, is the bolivar of 19.3 cents par. Since 1919, the bolivar has fluctuated slightly below par.

United States Investments. It is always very difficult to give an estimate, even approximate, of foreign investments. In 1924, the total American investments were valued at $75,000,000, of which one-half was in oil and the remainder in sugar plantations, mines, banks and public utilities.

At the present time, there are three large operating oil companies in the Maracaibo Basin controlled by American

[1] The conclusion is based on Department of Commerce, Trade Information Bulletin, No. 602. Available Venezuelan trade statistics vary greatly in totals, though not essentially in ratios. For instance, the *Commerce Yearbook* gives 1925 imports from the United States as $27,589,000, while the Pan American Union, Foreign Trade Series, No. 45, gives them as $31,550,855.

capital and two companies controlled by British and Dutch capital. In addition, there are innumerable smaller companies. Whereas in 1927 the European companies led in production, American companies at the present time are producing more oil than the others. The output of American-controlled companies during the first three months of 1929 was 19,000,000 barrels, as compared with 13,600,000 barrels produced by the British-Dutch controlled oil companies.

The Royal Dutch Shell group is competing with American interests in the field. Among the more prominent American oil companies owning properties or operating in Venezuela, the following may be mentioned:

The Maracaibo Oil Exploration Corporation was organized in Delaware in 1919. It owns all the capital stock of Mara Exploration Company, Miranda Exploration Company, Paez Exploration Company, Perija Exploration Company, Sucre Exploration Company and Urdaneta Exploration Company. These companies acquired concessions of over 1,000,000 acres of land in the Maracaibo basin. In 1923, an agreement was entered into with the Venezuela Gulf Oil Company, whereby this company purchases gas and petroleum rights on 100,000 acres for $100,000 in cash and in addition a royalty of 10% on all oil and gas produced by these properties. Together with Standard Oil of New Jersey, Maracaibo owns a third working interest in 48,000 acres. In addition, Maracaibo will own rights over 319,000 acres. Capitalization consists of 400,000 shares of no par value, of which 330,000 shares are outstanding and quoted in New York at about $14.

The Gulf Oil Corporation of Pennsylvania was organized in 1922 and owns a controlling interest in the South American Gulf Oil Company of Pittsburgh and the Mexican Gulf Oil Company. It has acquired rights over oil-bearing areas in the Miranda and Perija districts in the Maracaibo basin of Venezuela. The Venezuela Gulf Oil Company, a subsidiary, is engaged in exploring this area, a royalty on production being payable to the Maracaibo Oil Exploration

Corporation, the Creole Oil Corporation and the Venezuela Petroleum Company, owners of the concessions. An ocean terminal outside of the Maracaibo bar has been established. In 1925, Gulf Oil acquired from Cities Service Company 75% interest in the Colombian Petroleum Company which, through the Compañía Colombiana del Petróleo, acquired the Barco concession of 1,300,000 acres in Colombia. The Government having canceled the concession, the company has lodged an appeal.

The New England Oil Refining Co. owns all the capital stock (2,000 shares of $5 par value) of the New England Oil Corporation, Ltd., of Canada, which in turn controls valuable rights and equities in about 210,000 acres of oil concessions in the Maracaibo district.

The General Asphalt Company, a New Jersey corporation formed in 1903, with an outstanding capitalization consisting of 68,722 shares of 8% cumulative preferred stock of $100 par value; 241,278 shares of common stock of $100 par value; and $4,659,200 of 6% convertible gold bonds. It controls the New York & Bermudez Company, organized in New York in 1885, with a capitalization of 10,000 shares of $100 par value. The New York & Bermudez Company owns, in the State of Sucre, Venezuela, fee simple and asphalt mining titles to 11,000 acres of land including and surrounding the Bermudez Asphalt Lake, which contains 1,100 acres of asphalt. Under this mining title, the company has the exclusive right until 1987 to take asphalt, upon payment of 4 bolivars (77 cents) for each ton of asphalt which it exports, the minimum annual royalty to be 100,000 bolivars. The crude asphalt, as mined, is shipped over a three-foot narrow gauge railroad owned by the company, which is seven miles long and runs from the Asphalt Lake to Guanoco. In 1910 the Bermudez Company organized in New Jersey with 1,000 shares of $100 par value, obtained a concession from the Government of Venezuela for the exploitation of oil lands in the State of Sucre, which has been filed upon and at present there has been retained an amount approximating

11,000 acres, which is under a 47-year lease beginning in 1913. The terms of the concession provide for the payment of a land tax at the rate of 8 cents per acre per annum, and a royalty at the rate of 5% of the oil produced and shipped.

Under a contract with the Royal Dutch Shell Group, General Asphalt receives regularly, in kind, one-eighth of the total oil production under the Valladares concession, comprising 312,500 acres in eastern and western Venezuela, and a similar royalty under the Vigas concession, which covers the entire district of Colon, a State of Zulia. Deliveries of royalty oil received in 1927 amounted to 1,318,626 barrels.

The Amerada Corporation operates in Venezuela through a subsidiary, the Esperanza Petroleum Corporation, organized in Delaware with 100,000 shares of $10 par value. It has acquired 132,000 acres of leases in eastern Venezuela. Of the total capitalization, Amerada owns 30,000 out of 63,000 shares outstanding. The total acreage controlled in Venezuela is 700,000.

The Beacon Sun Company, a subsidiary of Beacon Oil Company, was incorporated in 1922 under the laws of Delaware and owns 55 concessions comprising 1,750,000 acres in Venezuela. Most of the acreage is in the Maracaibo basin, with other holdings in the states of Falcon and Guarico. The company's oil-producing properties in the Island of Trinidad were sold to the West India Oil Company.

The Caribbean Petroleum Company, organized in New Jersey in 1911, owns 281,843 acres of oil-bearing land in Venezuela. It is a subsidiary of the General Asphalt Company. In 1923, the active management passed to the Royal Dutch Shell group, General Asphalt receiving $1,500,000 in cash in exchange for its holdings, and an eighth royalty on oil produced from the Valladares in the Colon area. Capitalization consists of $30,000,000, of which $27,243,600 are outstanding.

The Central Area Exploitation Company of Venezuela,

Ltd., was organized in 1926 to acquire from British Controlled Oil Fields, Ltd., the central area of the Buchivacoa concession in consideration for 125,000 shares of £1 par value. The area consists of 640,000 square miles, the western section being retained by the Central Area Company, and the eastern by the Standard Oil Company of New Jersey, and was transferred to the Standard on a royalty basis of 12½%. Standard has a management and sales contract over the entire territory for the life of the concession, agreeing to take delivery of all oil and to provide at its own expense all tanks necessary for taking delivery and pipe lines for conveying the oil to the Coast. By virtue of a sales agreement, Standard has the right to purchase up to 30,000 barrels of oil per day at the market price of crude oil on the day of delivery, plus additional compensation for naphtha contents. A drilling contract has also been entered into with the Standard Oil Company.

Capitalization consists of 625,000 shares of £1 each, of which 125,000 shares were issued to the British-Controlled Oil Fields, and 500,000 taken by the Anglo-Venezuela Trust, Ltd., at 5/7 per share.

The Colon Oil Corporation was organized in 1928 to take over the entire share capital of the Colon Development Company, Ltd., amounting to 100,000 shares of £1 par value, having been organized in 1913 to acquire a Government concession to explore for oil in Venezuela, against a consideration for 25,000 shares of £1 par value. The concession covers about 2,100,000 acres in the district of Colon, State of Zulia, with a frontage of 75 miles on the west shore of Lake Maracaibo. Capitalization consists of 2,700,000 shares of no par value, of which 2,200,000 shares are issued and 550,000 shares held in reserve for conversion of $10,000,000 6% debentures at par in 1928, and convertible into common stock at the rate of 55 shares for each $1,000.

The Creole Petroleum Corporation was organized in Delaware in 1920 as the Creole Syndicate. It is controlled by Standard Oil Company of New Jersey. The Syndicate

originally acquired concessions in Lake Maracaibo, Venezuela, as well as certain options and leases in various South American countries. The consideration for these concessions, etc., was $175,000 cash, and 700,000 shares of stock of the Creole Syndicate. The concessions in Venezuela cover an area of about 12,260 acres and are being developed by the Venezuela Gulf Oil Corporation, a subsidiary of the Gulf Oil Company, under three drilling contracts. In 1926, the Syndicate acquired 30 concessions of 10,000 hectares each in Venezuela, and 13 concessions containing about 118,082 hectares, also in Venezuela. The consideration for these concessions was $390,000 cash and 262,000 shares of the Creole Syndicate. The Creole Petroleum Corporation owns all the outstanding stock of the Webster Syndicate, a Delaware company, which owns two concessions in Venezuela, containing over 24,000 hectares of oil-bearing land. It also owns all preferred stock and over 99% of the common stock of the Condor Oil Company of Venezuela, a Delaware corporation. The consideration was $600,000 in cash, and 259,145 shares of Creole Syndicate. The Condor Company owns 24 concessions of 10,000 hectares each and also 12 concessions aggregating 118,036 hectares in Venezuela. Through stock ownership in the Rio Palmar Oil Fields Corporation, Creole Petroleum owns an additional 27,170 acres in the Perija district, and 941,070 acres in the State of Monogas, in Venezuela. In 1928, Standard of New Jersey acquired 3,025,000 shares of stock of Creole for which purpose the capital was increased to 6,000,000 shares of no par value, of which 2,225,000 shares were issued to the Standard in exchange for all the outstanding stock of Standard Oil Company of Venezuela. In addition, 800,000 shares of Creole were issued to Standard at $10 a share. In November, 1928, Standard advanced $2,905,000, of which $1,001,242 was in payment for tankers, the balance being for current operations.

Creole owns the entire capital stock of the Rio Palmar Oil Fields Corporation, Webster Syndicate, Condor Oil Company of Venezuela, Standard Oil Company of Vene-

zuela, and Venezuelan International Corporation. The Standard Oil Company of Venezuela, in turn, owns the entire capital stock of the American-British Oil Company; and the Venezuelan International Corporation, in turn, owns 100% of the South American Oil & Development Corporation. In addition, Creole owns 51% of the Rio Palmar Land & Timber Corporation, and 70.65% in the Merida Oil Corporation.

Altogether, Creole holds at present about 10,976,000 acres of oil leases in Venezuela, of which 3,905,000 acres will be returned to the Venezuelan Government in accordance with the terms of exploration concessions, so that the net acreage of Creole may be placed at 7,071,000 acres. Arrangements have been made to drill the Delta concession on the eastern coast of Venezuela, owned by the Venezuelan Consolidated Oil Fields, Ltd. The agreement provides that the Creole Corporation will undertake drilling entirely at its own risk and expense. The cost, after payment of royalties amounting to 10%, will be repaid to the Creole Corporation out of all the oil produced, and thereafter the production will be divided, 50% to the Venezuelan Consolidated Company and 50% to the Creole Corporation; but the Venezuelan Consolidated, out of its 50%, agrees to pay a further 2½% royalty to the vendors. The Creole also has an option to purchase the Venezuelan Consolidated share of the production obtained from each of the wells, as they are drilled.

Creole's capitalization consists of 6,000,000 shares of no par value, of which 5,978,900 shares are outstanding. The stock is quoted on the London Stock Exchange at about 35s. a share.

The Falcon Oil Corporation, organized in Delaware in 1927, owns a royalty of 5% on the Maritime concession properties of Lago Oil Corporation situated on the shore of Lake Maracaibo in Venezuela. For 1928, this royalty amounted to 1,188,840 barrels. In addition, the company owns 293,000 acres in the Maracaibo basin and 92,000 acres in the Monogas district. The capitalization consists

of 800,000 shares of $10 par value, of which 680,000 shares have been issued; and of $492,000 7% notes.

The Lago Oil & Transport Corporation was organized in Delaware in 1925. The company owns all the preferred stock and 51% of the common stock of the Lago Oil & Transport Company, Ltd., of Canada, the remainder being owned by Lago Petroleum Corporation; and practically the entire capital of 4,000,000 shares of no par value of Lago Petroleum Corporation, issuing therefor 1 share for each 2 Lago Petroleum shares. The Lago Petroleum Corporation was organized in 1903 in Delaware and acquired 116 concessions in Venezuela, covering an area of 1,159,000 hectares under the waters of Lake Maracaibo. These concessions carry the right to choose an exploitation lot of 10,000 hectares, with the exception of one of the concessions which covers 9,000 hectares. The consideration for these concessions was 1,399,170 shares. In 1924, the company purchased all the assets and concessions of the British Equatorial Oil Company in Venezuela for $1,000,000 cash and £452,500. These assets comprise 6 concessions on the eastern side of Venezuela with an area of 90,000 hectares, with the right to select 45,000 hectares; 5 concessions on the southwest shore of Maracaibo covering 73,133 hectares, with the right to select 30,865 hectares; the national Reserve Maritime Zones with an area of 9,875 hectares; 92½% of the capital stock of the British Zulia Oil Company, a Venezuela corporation with a capital of 30,000 shares, having 4 concessions in the Maracaibo Oil Basin comprising 121,911 hectares, and joint ownership with the New England Oil Corporation of a timber concession of 1,250 hectares. In 1924, the British Mexican Petroleum Company, Ltd., agreed to purchase 400,000 shares in the Lago Petroleum Corporation and a marketing company, known as the Lago Oil & Transport Company, Ltd., was formed in Canada with a capital of 25,000 shares of preferred stock of $100 par value, and 10,000 shares of common stock of no par value. The British Mexican Company subscribed for the preferred stock at par, 51% of the common stock also

being held by the British Mexican Petroleum Company, and the balance by the Lago Petroleum Company. Lago Oil & Transport owns 49,998 shares out of 50,000 shares of Lago Shipping Company of Great Britain, a subsidiary organized to handle all the transportation of Lago Petroleum Corporation production. The company is now controlled by the Pan American Petroleum & Transport Company, which, in turn, is controlled by the Standard Oil Company of Indiana.

The capitalization of Lago Oil & Transport consists of 5,000,000 shares without par value, of which 3,992,394 are issued. Of the total, 95% is held by Pan American. Shares are listed in New York and in London, and are quoted around $32 a share.

The holdings of Lago Oil & Transport Company in the Lagunillas Field in Venezuela exceed 3,500,000 acres, of which more than 500,000 acres are proven. The field has produced to date an average of 250,000 barrels of oil an acre. It is estimated that the life of the company's holdings in the Field is over 50 years. The Pan American Petroleum & Transport Company has completed the first cracking unit of the new refineries on the Island of Aruba, off the coast of Venezuela, to take care of the production of Lago Oil & Transport Corporation in the Lagunillas Field, which amounts to 115,000 barrels per day.

Pantepec Oil Company of Venezuela was organized in 1926 in Delaware. It owns and has options on oil concessions covering about 3,400,000 acres throughout Venezuela. A contract has been entered into with Union Oil Company of California, by which about 854,000 acres of the company's property have been transferred to the Union National Petroleum Company, the Union Oil paying to the National $3,500,000 to be expended during six years for the developing of the company's properties, Pantepec and Union each holding one-half of the capital and sharing equally in the profits. In 1927, a contract was concluded with the California Petroleum Company, under which the latter will pay to Pantepec $500,000, re-

payable in oil or out of dividends received from Union National, and in addition agrees to expend $3,500,000 during five years on developing and drilling about 742,000 acres of the Pantepec properties, in the Maracaibo basin and in north central and eastern Venezuela, the oil to be divided equally between the two companies at the well. An operating subsidiary, known as the California Petroleum Company of Venezuela, has been formed, owned jointly by Pantepec and California Petroleum Company. Upon dealing with the above acreage, the company will have 1,789,118 acres.

The authorized capitalization consists of 2,000,000 shares of no par value, of which 1,507,300 are issued. Quoted in New York and in Boston at about $8 a share.

The Simms Petroleum Company controls the Sobrantes Oil Corporation, which owns 2,000 acres in the Mara district of Venezuela, and the Woodburn Oil Company, which controls 4,000 acres east of Lake Maracaibo, and 7,000 acres west of the lake. The company owns 80% of the Sobrantes Corporation and 85% of the Woodburn Company. The total capitalization consists of 1,000,000 shares of $10 par value, of which 806,038 shares are outstanding. There are outstanding $407,500 of 6% convertible notes, due November 15, 1929.

The Sinclair Consolidated Oil Corporation has extensive concessions in Venezuela, Colombia and Panama, which were transferred to the Venezuela Petroleum Company in 1928, in exchange for 1,001,000 shares.

The Standard Oil Company of New Jersey acquired in 1928 control of the Creole Petroleum Corporation, in which it owns 51% of the stock. The concessions comprise about 760,000 hectares in western Venezuela, and about 400,000 hectares in eastern Venezuela. The corporation also acquired the interests of the Standard Company and its subsidiaries in certain contracts with the British-Controlled Oil Fields, Ltd., the Central Area Exploitation Company of Venezuela, the Maracaibo Oil Exploitation Company, and others. The scheme also in-

volved the acquisition by the Creole Corporation of all the stock of the Venezuela International Corporation, which, through its ownership of all the stock of the South American Oil & Development Corporation, controls certain concessions having an area of about 1,200,000 hectares. In 1929, the company acquired 350,000 shares of common stock in the Beacon Oil Company.

The Texas Corporation, a Delaware concern, owns the Texas Petroleum Company of New Jersey which is developing properties in South America. In Venezuela, the California Petroleum Corporation which, in 1928, was absorbed through exchange of shares by the Texas Corporation, agreed to develop 755,893 acres of the Pantepec Oil Company's properties. The business is handled through a subsidiary company, the California Petroleum Company of Venezuela, the capital of which is held equally by California and Pantepec. In addition, California controls 1,000 acres in the Maracaibo basin.

The Venezuelan Holding Corporation was organized in Delaware in 1925, and has acquired through its Venezuelan subsidiary, the Compañía Venezolana de Fomento, concessions covering 52,715 acres in the Maracaibo basin of Venezuela, and concessions covering 106,125 acres in two areas in the district of Silva and three concessions in the State of Monagas. Capitalization consists of 200,000 shares of no par value, of which 127,110 shares are issued; 50,000 shares being owned by the Venezuelan Mexican Oil Corporation.

The Venezuelan Petroleum Company of Delaware owns four concessions in the Maracaibo basin of Venezuela, covering 122,660 acres, and five concessions covering 72,500 acres in the State of Monagas. Of the Maracaibo concessions, 28,910 acres are being developed by the Venezuela Gulf Oil Company, and 75,000 acres by the Richmond Petroleum Company. Venezuelan Petroleum receives a royalty on oil produced, its share in 1928 amounting to 543,613 barrels. In 1928, 1,001,000 shares were issued to Sinclair Consolidated Oil Corporation, in exchange for certain stocks and advances as follows:

425,000 shares of the capital stock of Apure-Venezuela Petroleum Corporation, which has an authorized capitalization of 500,000 shares, and owns certain concessions in the State of Apure, Venezuela;

240,000 shares of the capital stock of Zamora-Venezuela Petroleum Corporation, which has an authorized capital of 300,000 shares, and owns concessions in Zamora;

22,500 shares of the capital stock of Eastern Zamora Oil Fields, which has an authorized capitalization of 25,000 shares, and owns certain concessions in eastern Zamora;

All of the capital stock of the Cordillera Petroleum Corporation, which has an authorized capital of 1,000 shares, owning certain concessions in Venezuela and a contract relating to properties in Colombia;

780,685 shares of Sinclair Central American Oil Corporation, which has an authorized capital of 1,000,000 shares, and which, through a subsidiary company, owns an interest in a concession in Panama.

The Venezuelan Petroleum Company controls, through its subsidiary companies, 385 petroleum exploration concessions in the States of Apure and Zamora. These concessions cover an area of about 9,500,000 acres.

The company's capitalization consists of 2,000,000 shares of $5 par value. Shares are listed in New York, and quoted around $5.

The California Petroleum Corporation of Venezuela was organized in Delaware with a capitalization of 70,000 shares of no par value, which are held jointly by the California Petroleum Corporation of Virginia and the Pantepec Oil Company. The properties consist of 565,725 acres of exploration concessions and of 99,268 acres of exploitation concessions in Venezuela.

The Caracas Syndicate was organized in Delaware in 1927 with a capitalization of 1,000,000 shares of $5 par value, of which 543,175 shares have been issued. The company owns oil concessions in Venezuela covering about 91,000 acres, and has under contract 75,000 acres.

The Compañía Venezolana de Petroleo was organized in Venezuela in 1923, with a capitalization of $4,825,000, of

which $965,000 have been issued. The company owns leases on 2,500,000 hectares in the Maracaibo basin and a royalty interest in over 200,000 hectares.

The Condor Oil Company of Venezuela was organized in Delaware in 1924 with a capitalization of 825,000 shares of common of no par value, of which 737,500 shares have been issued; and 60,000 shares of preferred of $10 par value. The entire stock is owned by the Creole Syndicate.

The Esperanza Petroleum Corporation was organized in Delaware in 1926 as a subsidiary of the Amerada Corporation. Capitalization consists of 100,000 shares of common of $10 par value, of which 63,000 shares are outstanding. The company has acquired lease-hold covering about 700,000 acres in Venezuela.

The Mara Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919 with a capitalization of 2,000 shares of no par value.

The Maxudian Petroleum Corporation was organized in Delaware in 1923 with a capitalization of 1,000,000 shares of no par value, of which 801,480 shares have been issued. The corporation holds extensive concessions in Venezuela, including the Frankel lease of about 145 acres, operated by the Lago Petroleum Corporation. An agreement has been entered into with the Union Oil Company of California for the development of about 25,000 acres in the District of Paez, Venezuela.

The Mene Grande Oil Corporation was organized in Delaware in 1924, with 50,000 shares, of which 21,400 have been issued. The company's output averages about 450 barrels per day.

The Miranda Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919 with 2,000 shares of no par value.

The National Venezuela Oil Corporation was organized in Delaware in 1928, with 2,000,000 shares of $5 par value, of which 900,000 shares have been issued. The company

owns exploration concessions on 402,000 acres and holds contracts for additional concessions aggregating 500,000 acres.

The New England Oil Corporation, Ltd., a subsidiary of the New England Oil Corporation, was incorporated under the laws of Canada in 1921, with 2,000 shares of $5 par value. The company holds concession to 247,000 acres in Venezuela. It was one of the first American enterprises in the Venezuelan Oil Fields, and is understood to have spent more than $1,000,000 in exploring and exploiting the properties. Of the company's acreage about 10,000 acres have been turned over to the Venezuelan Gulf Oil Company for development.

The New York & Bermudez Company, a subsidiary of General Asphalt Company, was organized in New York in 1885, with 10,000 shares of $100 par value.

The Orinoco Oil Company, a subsidiary of the Pure Oil Company, has concession to 312,500 acres in Venezuela. Present activities are confined largely to exploration and geology.

The Paez Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919, with 2,000 shares of no par value.

The Perija Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1919 with 2,000 shares of no par value.

The Richmond Petroleum Company of Venezuela, a subsidiary of the Standard Oil Company of California, was organized in Delaware in 1924, with a capitalization of $500,000. Properties consist of concessions acquired under contract from the Venezuelan Petroleum Company.

The Sobrantes Oil Company was organized in Delaware in 1924 with 50,000 shares of $10 par value, of which 6,078 shares have been issued. Of the stock, Simms Petroleum Company owns 80%. The company owns about 2,500 acres of undeveloped concessions in Venezuela.

The Standard Oil Company of Venezuela was organized under the laws of Venezuela in 1921 and has acquired

83,000 acres from the Maracaibo Oil Exploration Company. It owns, in addition, extensive concessions in eastern Venezuela. All the outstanding stock has been acquired by the Creole Petroleum Corporation. The company also owns the entire capital stock of the American-British Oil Company.

The Sucre Oil Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1920, with 2,000 shares of no par value.

The Texas Petroleum Company, a subsidiary of the Texas Corporation, was organized in New Jersey in 1925, with 10,000 shares of $100 par value, of which 75,000 shares have been issued. The company controls undeveloped prospective acreage in Venezuela, Colombia and other Latin American countries.

The Union National Petroleum Company, a subsidiary of the Union Oil Company of California, was organized in Delaware in 1926, with 70,000 shares of no par value. The company is owned jointly by the Union Oil Company of California and the Pantepec Oil Company of Venezuela, with control vested in the former company. It holds a total of about 880,000 acres located in Venezuela.

The Urdaneta Exploration Company, a subsidiary of the Maracaibo Oil Exploration Company, was organized in Delaware in 1920 with 2,000 shares of no par value.

The Venezuela Maxudian Oil Company was organized in Delaware in 1927, with 2,000,000 shares of no par value, of which 746,956 shares have been issued. The company controls the Maxudian Petroleum Corporation and the Vimox Oil Company.

The Venezuelan Atlantic Refining Company, a subsidiary of the Atlantic Refining Company, was organized in Delaware in 1925 with 1,000 shares of $100 par value. The company has an interest in concessions covering about 662,000 hectares of land in Venezuela.

The Venezuelan Holding Corporation was organized in Delaware in 1925 with 200,000 shares of no par value, of which 127,110 have been issued. The company holds

concessions to 52,715 acres in the Maracaibo Lake Basin, and 106,125 acres east of the lake.

The Venezuelan Seaboard Oil Company, a subsidiary of the Mexican Seaboard Oil Company, was organized in Delaware in 1926 with 50,000 shares of common stock. It owns about 540,000 acres in Venezuela and has a contract with the Venezuela Gulf Oil Company, which calls for the development of 40,000 acres located near the western shore of Lake Maracaibo.

The Texas Company (Caribbean), Ltd., a subsidiary of the Texas Corporation, was organized in Delaware in 1929 with a capitalization of 6,000 shares of $25 par value, for the purpose of marketing a complete line of Texaco products in the West Indies.

The American Maracaibo Company was organized in 1924 under the laws of Delaware with a capitalization of 4,000,000 shares of no par value, of which only 386,000 have been issued. The company owns 7.8% royalty in the Barco concession in Colombia, lying across the Venezuelan boundary and bordering the Colon Development Company. The concession contains about 1,300,000 acres and the properties operated by the Colombian Petroleum Company, in which Gulf Oil Corporation owns 75% and Carib Syndicate the remaining 25%. The company also has about 665,000 acres in Venezuela with a gross production of 5,000 barrels per day.

The Andes Petroleum Corporation was organized in Delaware in 1922 with a capitalization of 2,000,000 shares of no par value, of which 1,667,570 have been issued. Properties consist of 2,775,000 acres in Venezuela, of which Atlantic Refining has a one-half undivided interest in about 580,000 acres in the Maracaibo basin, and in 975,000 acres in central Venezuela. The balance, consisting of 1,220,000 acres is owned entirely by Andes Petroleum Company.

Various Interests. Coal and magnesite mines are exploited by the Maracaibo Coal Co., a subsidiary of the Caribbean Coal Co.

The same company is constructing a railroad.

The Magnesite Products Corporation of New York and Philadelphia has practically a legal monopoly of the magnesite deposits on Margarita Island. The American Magnesite Mining & Manufacturing Co. owns another claim, as does the American Carbon Co.

The Petare Sugar Co., "Central Venezuela," a Delaware corporation, has a capital of $90,000.

The Venezuelan subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $222,204. They include the Cia. Avónima Venezolana e Luz, 23,000 shares of common stock.

The Maracaibo Electric Light Company, established in 1886, with present capital of $500,000, is under American control; while of the capital (400,000 bolivars) of the Maracaibo Electric Street Railway Company, about 50% is American. The Cumana & Carupano Pier & Tramway Co., registered in New Jersey, has a capital of $500,000.

American capital is also interested in the Venezuela Power Co., Ltd., a subsidiary of the International Power Co., Ltd., of Canada. Venezuela Power operates electric light and power business in Maracaibo and Barquisimeto under concessions expiring in 1976 and 1963 respectively, subject, in the case of the Barquesimeto concession to purchase by the municipality in 1938 at a value fixed by arbitration.

The business of the Intercontinental Telephone Company of New Jersey organized to operate in Venezuela, has been taken over by the Venezuela Telephone & Electrical Appliances Company, Ltd., incorporated in 1890. The concession which gave the company the exclusive right to operate expired in 1914; while the concession was not renewed, the company's ownership of its properties is perpetual.

The All America Cables operates over the whole country.

British investments in 1916 were estimated at $40,000,000.

Prior to the war, American investments in Venezuela amounted to only about $3,000,000; by 1920 they had

grown to $20,000,000. Details of American investments in the Republic during the period 1920–28 are presented here.

UNITED STATES INVESTMENTS IN VENEZUELA

Securities	Amount Issued
1924	
American Maracaibo Co.	$7,500,000
Pantepec Petroleum Co. 7% Pref. "B"	2,000,000
Pantepec Petroleum Co. 8% Pref. "A"	740,000
Pantepec Petroleum Co. common	100,000[1]
Venezuela Petroleum Corp.	1,200,000
Venezuela Gulf Oil	50,000
1925	
Lago Oil & Transport Corp.	40,000,000
Lago Petroleum Corp.	20,000,000
Venezuelan Oil Syndicate	–
Venezuelan Gold Mining & Dredging Co.	1,000,000
1926	
American controlled oilfields	2,000,000
American controlled oilfields	3,500,000
American Maracaibo Co.	800,000
American Venezuelan Petroleum Co.	100,000
Andes Petroleum Corp.	10,850,000
Apur Venezuela Corp.	1,500,000
Beacon Oil Co. @ 19	5,700,000
Caracas Syndicate	1,250,000
Condor Oil Co.	1,250,000
Industrial Issues Corp.	1,500,000
Maracaibo Oil Fields, Inc.	5,000,000
Marine Petroleum Co.	1,250,000
Orinoco Development Co.	4,000,000
Venezuela & National Petroleum Corp.	5,000,000
Venezuelan Eastern Petroleum	100,000
Venezuelan Oil Exploration Co.	5,000,000
Venezuelan Petroleum Co.	1,500,000
Zamora Venezuelan Corp.	6,500,000
1927	
California Petroleum Corp.	1,400,000
Caracas Syndicate @ 2.50	150,000
Oriental Oil Co.	1,000,000
Venezolana Oil Syndicate @ 2.75	275,000

[1] Number of shares without par value.

UNITED STATES INVESTMENTS IN VENEZUELA — *Concluded*

Securities	Amount Issued
1928	
Andes Petroleum Corp.	$1,000,000
Aruba Refining	–
Belgian-French Venezuelan Oil Corp.	500,000
Colon Oil Co. 6's, 1938, @ 100	10,000,000
Colon Oil Co. (common stock)	2,750.000[1]
Creole Syndicate Corp.	10,000,000
Caribbean Oil Fields of Venezuela	100,000
United Venezuela Oil Corp.	1,500,000
Venezuelan Seaboard Oil Co.	250,000
Venezuelan Speculation, Inc.	150,000
Maracaibo Oil Exploration Co.	100,000

[1] Represents number of shares.

2. The Caribbean Area

Costa Rica

Costa Rica has an area of only 23,000 square miles, with a total population of 471,524. The country is chiefly agricultural, but in place of large estates and plantations, we find here rather well divided smaller holdings.

Coffee is the principal crop, supplying 50% of total exports, the annual production varying between 25,000,000 and 40,000,000 pounds. Costa Rica is one of the most important banana exporting countries, the yearly exports averaging about 8,000,000 bunches.

Total foreign trade for 1926 was $32,788,157, of which $18,962,180 were exports and $13,825,977 imports. The following comparison shows trade with principal countries:

COSTA RICAN TRADE

Countries	Imports, 1926	Exports, 1926
United States	$7,705,640	$7,642,294
United Kingdom	1,990,081	8,643,036
Germany	1,705,000	1,655,000

The United States imports about one-third of what Costa Rica sells to the world, but as our share consists largely of bananas, the figures are less indicative of general economic conditions than might be expected. Our imports in 1926 showed an increase of 47% over the previous year, so that the declines of 14% and 10%, respectively, in 1927 and in the first 10 months of 1928 were not alarming. Our exports account for more than half of Costa Rica's purchases from abroad and showed a decline of 8% in 1926 and increases of 16% and 11% respectively in 1927 and 1928.

Public Finance. At the end of 1927 the debt of the republic was composed as follows:[1]

DEBT OF COSTA RICA — 1927

	In Colones
English loan of 1911 (£1,699,780)	33,043,723
French debt (Fcs. 7,350,000)	2,213,155
American loan of 1926 ($7,876,000)	31,504,000
Total external debt	66,760,878
Total internal debt	13,287,064
TOTAL PUBLIC DEBT	80,047,942

In 1927, Spain was reported to have offered Costa Rica a loan of $2,000,000 for the Mortgage Bank of Costa Rica, indicating that Spain is attempting to strengthen its financial, industrial and commercial relations with the Latin American republics.

In 1925, insurance in Costa Rica was decreed a state monopoly and the National Insurance Bank was organized for the purpose of handling the insurance requirements of the country, which theretofore had been in the hands of foreign companies, principally British.

The unit of Costa Rican currency is the colon, which was stabilized in March, 1924, at four colones to the United States dollar. The currency in circulation is paper, which maintains par on exchange.

Investments. Prior to the war, American investments in the republic totaled $7,000,000, of which $4,000,000 represented investments in the Aguacate Mines, incorporated in Maine in 1907 to acquire and operate gold mines in Costa Rica. The company owned the Quebrada Honda Mine, the Los Castros Mine and the Oreamunos group. The company's charter has been forfeited as a result of nonpayment of the corporation franchise tax.

The Northern Railway Company of Costa Rica is owned by American capital, and its 54-mile line is operated by an

[1] *55th Annual Report, . . . Corporation of Foreign Bondholders*, p. 132.

American fruit company in the banana and cacao section on the Atlantic coast. For 1928 the road reported revenues of $782,289 and expenses of $582,527. The British-owned Costa Rica Railway Company has been leased to the Northern Railway Company until the expiration of its concession. It owns 188 miles, running from Port Limon on the Atlantic coast to Alajuela, 12 miles west of San José. Revenues for 1928 amounted to $2,374,052, and operating expenses to $2,085,284. The railway also operates a large iron pier and a smaller wooden pier at Port Limon.

Interests are now placed at more than $30,000,000.

United Fruit Company owns or operates 330 miles of railroads, and 280 miles of tramways, besides its large acreages in banana and cacao lands, amounting to 36,000 acres; it is also understood to control Costa Rica Union Mining Company, a West Virginia corporation owning La Union Mine.

Other United States interests are:

Costa Rica Oil Company, a subsidiary of the Sinclair Consolidated Oil Corporation; the American Manganese Manufacturing Company; the Abangarez Gold Fields; the International Telephone & Telegraph Company; and the Electric Bond & Share Corporation, which through its subsidiary, the American & Foreign Power Company, acquired an interest in companies supplying power and light, electric railway and telephone service in San José, and electric power and light and telephone service in a group of adjacent communities. Total population of the territory served is estimated at 148,000.

Recent investments publicly offered in the United States are presented below.

RECENT UNITED STATES INVESTMENTS

Securities	Amount Issued	Price
1925		
Costa Rica Sterling 5's, 1958	$1,500,000	68
1926		
Keith, Minor Co., Inc. 5's, 1931	6,000,000	–
Costa Rica 7's, 1951	8,000,000	95½
1927		
Costa Rica (Railway) 7½'s, 1949	1,800,000	100
1928		
Puerto Limon	600,000	–

Cuba

Cuba is an independent republic, divided into six provinces, which are free to contract loans for their expenses after approval by two-thirds of the municipal councils within their territory. The republic has an area of 44,164 square miles and an estimated population of 3,568,000.

United States investments in Cuba are larger than in any other Latin American country. The extent to which agricultural corporations have entered the country has given a character to the cultivation of grown products. The small independent farmer class is consequently small.

The "Platt amendment," incorporated by treaty with the United States into the constitution of Cuba pledges the republic to the following conditions:[1]

I. That the Government of Cuba shall never enter into any treaty or other compact with any foreign power or powers which

[1] From preamble of the Treaty of May 22, 1903, *Treaties, Conventions, etc., 1776–1909*, I, p. 362. See also *Cuba and the Platt Amendment*, Foreign Policy Association, Information Service, 1929, Vol. V, No. 3.

will impair or tend to impair the independence of Cuba, nor in any manner authorize or permit any foreign power or powers to obtain by colonization or for naval or military purposes or otherwise, lodgment in or control over any portion of said island.

II. That said Government shall not assume or contract any public debt, to pay the interest upon which, and to make reasonable sinking fund provisions for the ultimate discharge of which, the ordinary revenues of the island, after defraying the current expenses of Government, shall be inadequate.

III. That the Government of Cuba consents that the United States may exercise the right to intervene for the preservation of Cuban independence, the maintenance of a government adequate for the protection of life, property and individual liberty, and for discharging the obligations with respect to Cuba, imposed by the treaty of Paris on the United States, now to be assumed and undertaken by the Government of Cuba.

VII. That to enable the United States to maintain the independence of Cuba, and to protect the people thereof, as well as for its own defense, the Government of Cuba will sell or lease to the United States lands necessary for coaling or naval stations at certain specified points to be agreed upon with the President of the United States.

Cuban commercial relations with the United States are on a special basis determined by the commercial convention of December 11, 1902, which was approved by an act of Congress of December 17, 1903. By Art. 1 of this convention all articles of merchandise which are the product of the soil or industry of either country and which at the time were free of duty in the other "shall continue to be so admitted by the respective countries free of duty." By Arts. 2 and 3 a reciprocal engagement is taken to reduce the tariff on the merchandise of each country by 20%. Three series of United States products benefit by reductions of 25, 30 and 40% respectively from the Cuban tariff. Tobacco, which was important at that time, is excepted from any benefit.

United States imports from Cuba, which comprise nearly 80% of the total, were $202,678,000 in 1928, or 21% less than in the previous year, and are the least for any similar period since 1914. Our exports have likewise shown a steady decline of 20% in 1926, 3% in 1927, and a further 18% decrease, to $127,859,000, in 1928, each month of 1928 being below the level of the corresponding month of the previous year.

The Cuban situation is dominated by sugar prices, this commodity and its by-products comprising over 80% of Cuba's total exports, with tobacco, cigars, etc., accounting for some 12%. Sugar prices, gauged by the value of United States imports from Cuba, have been lower during 1928 than they have been since 1926. Cuba has never recovered from the effects of the slump in 1920 when sugar dropped from $0.22 in May, 1920, to as low as $0.0166 cents in December, 1921. The past four years has been a period of constant and increasing depression, and recent quotations have been hovering around $0.02. Cuba's production of sugar has nearly doubled since 1912, while production in other centers has gone up even faster, and Cuba's share of the total has steadily declined from a high point of over 25% in 1918–19 to less than 16%. On the other hand, consumption in the United States, Cuba's chief market, has failed to keep pace with the supply, and our imports have only increased from 1,925,000 long tons in 1913 to 3,259,000 tons in 1927. The Government restrictions on production, fixed at 4,500,000 tons in 1926–27 and 4,000,000 tons for the following year, have brought the crop down from a record figure of 5,126,000 tons in 1924–25, but have not effected the sought-for increase in prices.

Public Finance. The Cuban national debt was stated to be as follows in the message of the President to Congress on November 5, 1928: [1]

[1] *Bulletin of the Pan American Union*, Vol. 63, p. 198.

NATIONAL DEBT OF CUBA

	Original Principal	Outstanding Sept. 30, 1928
Foreign:		
1904 5's	$35,000,000	$15,607,000
1909 4½ 's	16,500,000	13,110 000
1914 5's	10 000,000	6,905,400
1923 5½'s	50,000,000	36,177,600
1927 5½'s	9,000.000	8,100.000
	$120,500,000	$79,900,000
Internal:		
1905 5's	–	$8,064,200
1927 5's	–	2,000,000
	–	$10,064,200
Grand Total	–	$89,964,200

The Cuban external debt is being steadily reduced by sinking fund operations to the extent of $3,500,000 or more per year. All the foreign debt is held in the United States.

The unit of Cuban currency is the peso, with a par on the dollar.

Foreign Investments. The total amount of foreign capital is estimated at $1,750,000,000, of which the United States has invested $1,500,000,000. More American capital is invested in Cuba than in any other Latin American country.

The American investments are divided, according to the Cuban-American Chamber of Commerce, as follows:

UNITED STATES INVESTMENTS

Sugar industry	$800,000,000
Real estate	150,000,000
Railroads	120,000,000
Government bonds	110,000,000
Public utilities	110,000,000
Industrials	50,000,000

Tobacco	$50,000,000
Commercial	40,000,000
Mines	35,000,000
Banks	25,000,000
Miscellaneous	15,000,000
Total	$1,505,000,000

In view of the large amount of American capital invested in the Cuban sugar industry, reference to some of the more prominent sugar companies and their subsidiaries, as well as statistics relating to their outstanding capitalization may be of interest.

SUGAR COMPANIES IN CUBA

Name of Company	Common Stock	Preferred Stock	Bonds and Notes	Controlled by —
Antilles Molasses Co.	–	–	–	American Sugar
Central Cunagua Corp.	$15,000,000	–	–	American Sugar
Cespedes Sugar Co.	3,594,000	$999,000	$2,466,000	– –
Cuba Cane Sugar Co.	4,583,335	50,000,000	25,000,000	– –
Eastern Cuba Sugar Corp.	4,800,000	–	9,100,000	Cuba Cane Sugar
Violet Sugar Co.	–	–	451,000	Cuba Cane Sugar
Cuba Company	9,142,400	2,500,000	4,000,000	– –
Compañia Cubana	5,977,602	–	5,231,000	Cuba Company
Cuba Railroad Co.	500,000[1]	9,999,000	24,304,000	Cuba Company
Cuba Northern Railways Co.	16,500	–	21,450,000	Cuba Company
Consolidated Railroads of Cuba	145,532	36,549,735	–	Cuba Company
Espirituano Railway Co.	–	–	–	Cons. Railroads
Cuban American Sugar Co.	10,000,000	7,893,800	8,850,000	– –
Chaparra Sugar Co.	–	–		Cuban American
Tinguaro Sugar Co.	–	–		Cuban American
Cuban Sugar Refining Co.	–	–		Cuban American
Unidad Sugar Co.	–	–	16,000,000	Cuban American
Mercedita Sugar Co.	–	–		Cuban American
Colonial Sugar Co.	–	–		Cuban American
San Manuel Sugar Co.	–	–		Cuban American
Chaparra Railroad Co.	–	–		Cuban American
Cuban Dominican Sugar Corp.	47,400,570	–	15,218,000	– –
Santa Ana Sugar Co.	–	–	1,510,000	Cuban Dominican

[1] Denotes number of shares without par value.

SUGAR COMPANIES IN CUBA — *Concluded*

Name of Company	Common Stock	Preferred Stock	Bonds and Notes	Controlled by —
Sugar Estates of Oriente	$14,240,007	$4,000,000	$5,600,000	Cuban Dominican
Cia. Central America	–	–	3,506,890	Sugar Estates of Oriente
Cia. Central Altagracia	–	–	–	Sugar Estates of Oriente
Guantanamo Sugar Co.	4,050,000	1,828,800	–	– –
Guantanamo Railroad Co.	998,900	–	1,199,360	Guantanamo Sugar
Santa Maria Sugar Co.	–	–	–	Guantanamo Sugar
Manati Sugar Co.	10,000,000	3,500,000	6,973,590	– –
Ferrocarril de Tumas	–	–	–	Manati Sugar
Landholding & Townsite Co.	–	–	–	Manati Sugar
New Niquero Sugar Co.	4,500,000	–	700,000	– –
Punta Alegre Sugar Co.	19,076,850	–	8,414,000	– –
Baragua Sugar Co.	–	–	3,395,000	Punta Alegre
Canasi Sugar Co.	–	–	664,144	Punta Alegre
Florida Sugar Co.	–	–	–	Punta Alegre
Belmonte Company	–	–	–	Punta Alegre
Antilla Sugar Co.	5,000,000	5,100,000	11,575,000	Punta Alegre
Fidelity Sugar Co.	–	–	–	Punta Alegre
Ceballos Sugar Co.	–	–	1,683,500	Camaguey Sugar
Atlantic Fruit & Sugar Co.	14,962,055	–	12,392,500	– –
Beattie Sugar Co.	2,500,250	766,200	2,679,500	– –
Beattie Shipping Co.	–	–	–	Beattie Sugar
Camaguey Sugar Co.	10,400,000	450,000	5,487,658	– –
Caracas Sugar Co.	1,000,000	2,000,000	2,000,000	– –
Caribbean Sugar Co.	157,414 [1]	1,500,000	2,600,000	– –
Central Cuba Sugar Co.	4,500,000	500,000	892,237	–

Central Teresa Sugar Co. (Md.)	1,910,290	1,589,710	411,000	– –
Central Teresa Sugar Co. (N. J.)	100 [1]	–	–	Central Teresa (Md.)
Ermita Sugar Co.	1,500,000	300,000	925,000	– –
Ferrer Sugar Co.	2,044,400	722,200	1,583,000	– –
Francisco Sugar Co.	5,000,000	–	5,781,570	– –
Matanzas-American Sugar Co.	1,213,300	490,800	551,500	– –
Cia. Azucarera Jesus Maria	10,000	–	–	Matanzas-Am.
Salamanca Sugar Co.	356,656	4,271,355	118,900	– –
Colonia Macagualito	–	–	–	Salamanca
San Juan Sugar Co.	950,000	796,800	1,750,000	– –
Cuban Sugar Mills Corp.	–	–	826,500	San Juan Sugar
Santa Cecilia Sugar Corp.	105,000 [1]	870,213	1,349,000	– –
Tuinucu Sugar Co.	4,250,000	–	821,000	– –
Vertientes Sugar Co.	19,000,000	3,338,400	9,700,000	– –
Warner Sugar Co. of Cuba	–	–	–	Warner Sugar Corp.

[1] Denotes number of shares without par value.

The Bethlehem-Cuban Iron Mines Company with a capitalization of $2,339,940 owns property near Santiago equipped to produce 230,000 tons of iron ore per annum, and properties near Nipe Bay, equipped to produce 500,000 tons of nodules per annum.

The Los Cerros Copper Company, organized in 1905 in Arizona, with a capitalization of $500,000, owns copper and zinc mines in the Province of Santa Clara.

The Cuban Industrial Ore Company organized by Philadelphia interests with $1,000,000 owns 371 acres in Pinar del Rio.

The Iron Field Company, controlled by Minnesota interests, owns iron ore areas on the Isle of Pines.

The Minas de Matahambre, controlled by the American Metal Co., Ltd., capitalized at $9,200,000, owns copper mines in Pinar del Rio and a power plant at Santa Lucia.

The Pinar Copper Company, capitalized at $5,000,000 of which $3,546,000 is outstanding, owns copper mines in Pinar del Rio.

In the United Railways of Havana there is invested about $15,000,000 of American capital, but this company is still controlled by the British.

Practically all American sugar plantations own their own railroads. Another American-owned company is the Guantanamo & Western Railroad Company, organized in 1919 in Maine. Capitalization consists of $2,750,000 7% preferred stock, $250,000 5% preferred stock, and $2,750,000 common stock. There are also outstanding $3,000,000 of 6% bonds, due in 1958.

The Havana Electric Railway, Light & Power Company was incorporated in 1926 under the laws of Maine to acquire the street railways of the Havana Electric Light & Power Company, the Camaguey Electric Company, S. A., and the Santiago Light & Traction Company. It also acquired the stock of the Insular Railway Company. Together with its subsidiaries, the company operates 128 miles of track, of which 107.6 miles are in Havana and Mariano, 8.6 miles in Camaguey, and 11.8 miles in Santiago. The capitalization

consists of 200,000 shares of common of no par value, carried at $7,953,830, and 126,500 shares which are reserved against subscription warrants. There are also outstanding $5,000,000 of 6% preferred stock, $6,745,450 of first mortgage 5% bonds due in 1952, and $5,500,000 of 5½% bonds due in 1951, which were offered for public subscription in 1926 at 92%, with warrants to buy 23 shares of common at $45 for every $1,000 bond, payment to be made in cash or in bonds at 103½%.

The Compañía Terminal Atares is operating the harbor works of Habana with American capital and American management.

The Cuban holdings of the General Electric Co. are valued at $10,000,000.

The Cuban American Telephone and Telegraph Company is jointly owned by the American Telephone and Telegraph Company and the International Telephone and Telegraph Corporation. It operates the three Key West-Habana cables. The Cuban Telephone Company in the same system was incorporated in 1908 under the laws of Delaware and holds concessions from the Cuban Government for the installation and operation of a general and long distance telephone system extending over 1,200 miles and covering practically the entire island of Cuba, and including the City of Habana and the chief cities and municipalities of the island. The concession confers similar rights with regard to local telephone service, except within the radius of existing concessions which relate to 11 towns and municipalities. The company serves 351 cities and towns and owns 14 automatic and 135 manual exchanges. It holds $421,100 out of $500,000 of stock of the Havana Subway Company, together with the entire first and second mortgage issues of the company, aggregating $500,000 and $200,000 respectively. The company further owns all the outstanding stock of the Radio Corporation of Cuba. The outstanding capitalization consists of $14,142,076 of common stock of $100 par value out of an authorized issue of $18,000,000; 60,711 shares of 7% preferred stock of $100

par value out of an authorized issue of 120,000 shares, \$3,485,604 of first mortgage 5% bonds and \$4,311,600 of first lien and refunding mortgage 7½% bonds Series A. The latter were offered in 1925 at 95% and interest.

All America Cables, Inc., has a station at Santiago.

The Cuban subsidiary of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of \$17,395,693. The principal subsidiary is the Havana Electric & Utilities Company, which was incorporated in 1925 under the laws of Maine as a holding company to readjust the share capitalization of the Havana Electric Railway, Light & Power Company. It owns all the outstanding common and second preferred of the Cuban Electric Company, which supplies electric power and light service in 165 communities in Cuba, including one supplied with gas and four with water service. Ice plants are also operated in eight communities. The capitalization consists of 1,000,000 shares of common stock of no par value, \$21,000,000 6% first preferred stock of \$100 par value, and 300,000 shares preference stock of no par value. The capital stock of the company was carried on the balance sheet, as of December 31, 1928, at \$98,401,926, represented by 1,000,000 shares of common stock, 201,989.17 shares of 6% first preferred stock, and 294,664.94 shares of \$5 preference stock. The company controls the Cuban Electric Company which was organized in 1927 in Florida, to supply electric power and light service to the major portion of the important cities and towns in Cuba. The capitalization consists of 3,000,000 shares of common stock and 800,000 shares of preferred stock, both of no par value. On December 31, 1928, there were outstanding 2,500,000 shares of common, 200,000 shares of \$6 preferred, and 542,100 shares of \$6 second preferred. There are also outstanding \$3,998,000 of 6% first mortgage gold bonds due in 1954 of the Havana Gas & Electric Company.

The Havana Docks Corporation is another American-owned Cuban public utility, with a capital of \$10,000,000.

American tobacco investments are estimated at \$50,-

000,000. The American Cigar Co. controls the Cuban Tobacco Co. and the Havana Tobacco Co.

The United Fruit Co. owns plant and equipment valued in 1923 at $47,286,147. In 1928 its holdings amounted to 92,047 acres of sugar lands and 340 miles of railroad.

The Atlantic Fruit Co. owns 178,000 acres of banana and sugar lands.

The International Harvester Co. has some 3,000 acres for the cultivation of sisal fibre.

The Havana Coal Co., about $1,500,000.

The Sinclair Cuba Company, a subsidiary of Sinclair Consolidated Oil Corporation, operates oil distributing stations in Havana, and other Cuban ports. It also furnishes fuel oil for the United Havana Railroad and the Cuban Railroad Co.

The Standard Oil Company of Cuba, a subsidiary of the Standard Oil Company of New Jersey was organized under the laws of Cuba for the purpose of operating refineries at Belot and Habana, and marketing the Standard Oil Company of New Jersey products in Cuba.

The Texas Corporation (W. I.) Ltd., a subsidiary of the Texas Corporation, was organized in Cuba in 1919 with a capitalization of 2,000 shares of $100 par value.

International Portland Cement Co. has a daily capacity of 3,000 barrels, capital $3,000,000.

The Cuban Distilling Co. is owned by the United States Industrial Alcohol Co., and represents about $30,000,000.

Armour & Co. operate a large packing plant.

The Govin Brothers own the following newspapers: La Prensa, Re Mundo, The Havana Post and the Havana Telegram.

The Sevilla-Biltmore Hotel, with a capital of $2,000,000, is American-owned.

For the purpose of erecting and operating a first-class hotel in Habana, there was organized in 1929 under the laws of Delaware the National Hotel of Cuba Corporation. The hotel is to be located on a site leased for a period of 60 years, after which period the land and improvements

are to revert to the Cuban Government. The actual investment is placed at more than $7,000,000. The company's capitalization consists of $6,250,000 6% income debentures, 14,500 shares of $6 cumulative preferred stock of no par value, and 147,000 shares of common stock of no par value. The United States Realty & Improvement Company has purchased for $1,300,000 in cash the entire issue of preferred stock and part of the common stock.

Important steamship lines with Cuban connections are:
The Atlantic Gulf and West Indies Steamship Line;
The Atlantic Fruit Steamship Lines;
The Grace Steamship Co.;
The Munson Lines.

The Pan American Express Co. is established in the country.

Ford has many branches.

The Coca-Cola Co. has manufacturing plants in Habana and Santiago.

The American Chamber of Commerce in Cuba has a membership of about 260 member firms.

The National City Bank of New York has 24 branches in Cuba. The Trust Co. of Cuba is an American concern. The First National Bank of Boston has a branch at Habana and sub-branches at Santiago and Cienfuegos. Federal Reserve Banks of Boston and Atlanta have Cuban connections. The total American investments in the banking field are $25,000,000.

Standard Brands, Inc., operates in Cuba from a wholly-owned subsidiary known as the Compañía de Levadura Fleischmann, S. A.

Under date of September 1, 1929, it was announced that the American Water Works & Electric Company had acquired water works at Regla and Marianao in Cuba. This was said to be the first foreign investment of the corporation and constitutes the first step toward acquiring properties in Latin American countries.

Prior to the war, American investments in the island were placed at $220,000,000, composed of government and

municipal bonds, railroad securities and industrial enterprises, especially sugar and tobacco. Investments made in subsequent years are tabulated hereunder:

UNITED STATES POSTWAR INVESTMENTS IN CUBA

Securities	Amount Issued	Price
1914		
Cuba 5's, 1949	$10,000,000	98½
1915		
Havana Electric Ry., Lt. & Power Co. 6's, 1917	2,000,000	99
Cuba Railway Co. 5's, 1916–25	550,000	–
Manati Sugar Co. 6's, 1917–20	2,500,000	–
Cardenas American Sugar Co. 7% Pf.	1,250,000	90
Cuba Mortgage Bank 6's, 1966	4,000,000	–
Punta Alegre Sugar Co. 6's, 1935	1,250,000	100
1916		
Cuba Cane Sugar Corp. 7% Pfd.	50,000,000	97½
Cuban Portland Cement (common)	1,500,000	–
Santa Cecilia Sugar Co. 8% Pfd.	721,000	100
Manati Sugar Co. (common)	6,500,000	100
Manati Sugar Co. 6's, 1941	4,000,000	100
Punta Alegre Sugar Co. (common)	2,000,000	–
Punta Alegre Sugar Co. 6's, 1941	3,000,000	–
Cuba Railroad Co. 5's, 1919	3,000,000	100
Cuban Sugar Mills Corp. 6's, 1941	1,500,000	97½
Central Téresa Sugar Co. notes	–	–
1917		
Central Sugar 7% Pfd.	3,000,000	–
Havana El. Ry., Lt. & Power Pfd.	6,000,000	100
Central Teresa Sugar Co. 1-year notes	1,000,000	–
Cuban American Sugar 6's, 1918–23	6,000,000	96¼–99.17
1918		
Central Sugar 7's, 1919	1,000,000	99
Central Teresa Sugar notes	600,000	–
1919		
Cuba Railway 5's, 1969	1,150,000	88
West India Sugar Finance 7's 1929	5,000,000	97½
West India Sugar Finance 8% Pfd.	3,500,000	100
Central Teresa Sugar 8% Pfd.	1,750,000	–
Manati Sugar (common)	4,165,600	–
Cuba Cane Sugar Co. 7's, 1929	25,000,000	100

UNITED STATES POSTWAR INVESTMENTS IN CUBA—*Continued*

Securities	Amount Issued	Price
1920		
Cuba Cane Sugar 7's, 1930	$25,000,000	100
Cuba Railroad 7's, 1930	1,700,000	–
Caracas Sugar (shares)	500,000	50
1921		
United Railways of Havana 7½'s, 1936	6,000,000	99
Cuban American Sugar 8's, 1931	10,000,000	100
Havana Docks 7's, 1937	3,300,000	95½
Havana Elec. Ry., Lt. & Power 7's, 1926	1,500,000	97
Cuban Telephone 7½'s, 1941	4,000,000	95
Cuban Railway, 7½'s, 1936	4,000,000	99½
Cuba 1-year 6's	5,000,000	99½
1922		
Cuba 6's, 1929	10,000,000	88.35
New Niquero Sugar 7's, 1932	1,000,000	95½
Manati Sugar 7½'s, 1942	8,000,000	100
Cuban American Sugar 7's	500,000	94
Francisco Sugar 7½'s, 1942	5,000,000	100
Punta Alegre Sugar 7's, 1937	5,820,700	100
Baragua Sugar 7½'s, 1937–47	4,500,000	100
Havana Elec. Ry., Lt. & Power 5's, 1962	3,600,000	85
Eastern Cuban Sugar Corp. 7½'s, 1937	10,000,000	100
Sugar Estates of Oriente 7's, 1942	6,000,000	97½
Sevilla-Biltmore Hotel 7½'s, 1937	2,000,000	100
Camaguey Sugar 7's, 1942	6,000,000	97½
Vertientes Sugar 7's, 1942	10,000,000	97½
1923		
Cuba 5½'s, 1953	50,000,000	99¼
Beatti Sugar 7½'s, 1942	3,000,000	100
Ermita Sugar 7½'s, 1942	1,200,000	100
Violet Sugar 7's, 1924–34	679,000	100–100.96
Warner Sugar 7's, 1938	6,000,000	96½
American & Foreign Power 7% Pfd.	38,400,000	–
1924		
Cia. Azucarer Aantilla (Antilla Sugar) 7½, 1939	6,000,000	98
Cuba Northern Rys. 6½'s, 1925–32	1,680,000	99½
Sugar Estates of Oriente 8's	2,000,000	93½
Cuban Telephone	14,000,000	–

UNITED STATES POSTWAR INVESTMENTS IN CUBA—*Continued*

Securities	Amount Issued	Price
1924		
Ferrer Sugar 7½'s, 1939	$1,500,000	99½
Cuba Northern Rys. 6's, 1966	4,500,000	89½
Cespedes Sugar 7½'s, 1939	3,000,000	99
Cuban Dominican Sugar 7½'s, 1944	15,000,000[1]	97½
Sugar Estates of Oriente 8% Pfd.	2,000,000	93½
1925		
Cuba Co. 6's, 1935	10,000,000	98½
Sugar Estates of Oriente 8% Pfd.	1,350,000	100
Punta Alegre Sugar 6's, 1927	2,000,000	94¼
Caracas Sugar 7% Pfd.	2,000,000	100
Caracas Sugar (common)	500,000	10
Deforest Phonofilm of Mexico and Cuba	1,000,000	–
Havana Elec. & Securities	21,000,000	–
Havana Miramar	2,000,000	–
Hershey Chocolate	20,000,000	–
Nuestra Senora del Carmen Central	2,000,000	–
1926		
Alcucida & Ermita Sugar Mills	8,000,000	–
Compañía Cubana 6's, 1929	5,000,000	100
Cuban-Dominican Sugar (shares)	16,000,000	20
Cuba Railroad 6's, 1936	1,376,000	99½
Cuban Sugar Properties	1,800,000	–
Havana Electric 5½'s, 1951	5,500,000	92
Havana Electric 6% Pref.	5,000,000	100
Havana Electric (common)	8,600,000	43
Shell-Mexico of Cuba	2,000,000	–
Standard Fruit Co.	5,000,000	–
Tropical Fruit Corp.	1,250,000	12½
1927		
Cuba 5½'s, 1928–37	9,000,000	–
Cuban-American Airline	1,000,000	–
Cuban-American Realty Co.	7,700,000	–
Cuba Northern Ry. 5½'s, 1942	20,000,000	98½
Cuban National Syndicate	3,750,000	15
Punta Alegre Sugar 6's, 1930	4,000,000	99
Warren Brothers	4,400,000	–

[1] Of which $10,000,000 for refunding.

UNITED STATES POSTWAR INVESTMENTS IN CUBA — *Concluded*

SECURITIES	Amount Issued	Price
1928		
Francisco Sugar Co. notes 6%, 1958	$2,000,000	98¼
Cuba 5½'s, 1931–32	10,000,000	99¾
American Fruit & Steamship Corp.	3,500,000	–
Fleischman Co.	150,000	–
Guantanamo & Western Ry. 6's Series "A" bonds, 1958	3,000,000[1]	97
Havana Society of Jesus 5¼'s, 1934	1,400,000	100½
International Rock Asphalt Co., Inc. 7½ Pfd.	500,000	100
1929		
Public Works Serial Certificates 5½'s	10,000,000	100

Dominican Republic

The Dominican Republic, occupying with Haiti the island of Santo Domingo or Haiti, has an area of 19,332 square miles, and a population of 1,022,485, chiefly mixed Spanish, Indian and Negro.

The main and almost only industry is agriculture, the principal products including tropical and subtropical products such as sugar, coffee, cacao and tobacco. The country is well known for its mahogany and fine cabinet woods, but the present yield is decreasing due to the exhaustion of the forests.

Sugar supplies 60% of the export, and is shipped to Canada, Great Britain and the Netherlands. The United States is the principal buyer of cacao, coffee, molasses, hides and skins and takes nearly a third of Dominican exports, about $9,400,000 in 1928.

Of late years the imports have advanced more rapidly than the exports, reflecting a heavy inflow of American capital used for public improvements and many other investments. The United States supplies two-thirds of

[1] Of which $1,000,000 for refunding.

Dominican foreign purchases, the figure being $16,800,000 in 1928.

Public Finance. The experience of the Dominican Republic is perhaps the best illustration of the combination of governmental financial ineptitude and of resulting political situations in some parts of Latin America that have excited much concern abroad. So many of the circumstances contributing to such conditions have ceased to exist that a summary account of Dominican experience affords in some degree a measure of the progress registered in the dealings between borrowing governments and lending communities.

The Dominican Republic was not originally a separate Latin American state. Historically, it is the Spanish part of the island of Santo Domingo or Haiti, according as the Spanish or the French nomenclature is used. From 1822 until 1844 it was under the dominion of Haiti. From March 18, 1861, to May 1, 1865, it was annexed to Spain. From then until 1899 the executive power was held by executives sometimes duly elected, but more often of revolutionary origin. In 1869 the Dominican Government secured a nominal loan of £757,700 through a London contractor for conversion and cancellation of debt and the construction of roads. Part of this loan was issued at 70 and part was bought by investment bankers at about 50. It is said that only £38,000 of the capital reached the Dominican Government. From 1872 to 1875 all service on the loan was in default. In 1888 a 6% loan for £770,000 was negotiated, and £591,900 of the 1869 loan was converted under it at 20%. The balance of this 6% issue was offered to the public at 83½. In 1890 a £900,000 6% loan was issued at 77 for the primary purpose of building the Central Dominican Railway. In 1892, both loans went into default. The 1888 and 1890 loans had been issued through a Dutch financial house, and they were a first charge on the revenues of the Republic and a special charge on the customs revenue, for the administration of which a special régime called the *régie* was created. In 1892, the

San Domingo Improvement Company, a New Jersey corporation, was organized to take over the duties of the *régie*. In 1893, a 4% consolidated gold debt £2,035,000 was issued to convert the previous loans and complete the railroad and other purposes. As a result, £731,000 of the 1888 and £571,000 of the 1890 loans, with arrears of interest, were converted. The San Domingo Improvement Company administered the security of the customs revenues. French interests had established the Banque Nationale de St. Domingue, which the Dominican Government had illegally closed. To meet the obligations incurred, a 4% "French-American reclamation consols" loan was authorized, of which $1,000,000 was offered in Paris. In 1897, a 4% unified bond for £1,500,000 and 2.75% bonds for £2,-736,750 were offered in London and Brussels respectively in an effort to consolidate the indebtedness following upon the failure of receipts to meet the January, 1897, coupon on the 1893 bond issue. The Brussels loan converted £2,136,750 of principal and interest arrears. In 1899 the April 1 coupons were in default, and the Dominican Government requested to be placed under the protection of the United States, which refused to accede to the request. In 1900 attempts to settle or compromise the difficulties failed between the Dominican Government and the San Domingo Improvement Company. By an executive order of January 12, 1901, the then President of the Republic ousted the San Domingo Improvement Company and established a commission to perform its designated functions. As a result of negotiations in that year £351,400 of the 1897 4's were canceled and tendered to the Government at 20% of their face value.

The San Domingo Improvement Company had laid its situation before the United States Department of State and negotiations resulted in a conservative agreement by which that company and its then affiliations, the San Domingo Finance Company of New York, the Company of the Central Dominican Railway and the National Bank of San Domingo, should receive $4,500,000 for the relin-

quishment of all their rights and interests. By a protocol [1] of January 31, 1903, between the United States and Dominican Governments the means of paying this amount was left to arbitration, the arbitrators being one Dominican and one United States national and a United States umpire. The amount to be paid was made up of $2,076,635 (£830,654 of 1895 4's and £1,148,600 of 1897 4's) worth of bonds to be canceled at 50% of their face value, $1,500,000 for the railroad and $923,365 for the bank and sundry claims. The arbitral award of July 14, 1904,[2] carefully followed the previously established practices of Dominican public finance. It provided that the principal of $4,500,000 should bear interest at 4%, and that the principal and interest should be paid by monthly instalments of $37,500 for two years and $41,666.67 thereafter. The United States was to appoint a financial agent to receive instalments, with the right to occupy customs houses in case of default. The agent took up his duties on August 1. In October default occurred because the Government demurred at accepting the award unless 60% of the customs receipts were reserved to the state.[3] The financial agent took over the customs houses and began to receive payments.

A protocol signed on February 7, 1905, between the Dominican and United States Governments provided for the collection and disbursement of the customs revenues by an officer appointed by the President of the United States. President Roosevelt in submitting this to the Senate for advice and consent to ratification reviewed the circumstances and urged its acceptance as a duty under the Monroe doctrine. The Senate had not acted upon that treaty when it adjourned on March 4. The President took the initiative in establishing a *modus vivendi* approved by a Dominican decree, by which on April 1 a collector appointed by the President of the United States was to function and deposit funds collected in a New York bank.

[1] *Treaties, conventions, etc.*, Vol. I, p. 414.

[2] *Foreign Relations*, 1904, p. 274.

[3] As the 1904 payments represented only 25% of the 1904 collections, the demand was an unnecessary precaution.

In September, 1906, on the initiative of the United States Government the Dominican finance minister signed a loan contract with New York bankers providing for the issue of a $20,000,000 gold 5% loan to be secured in accordance with the treaty which President Roosevelt intended to make with the Dominican Government. On February 8, 1907, a convention for the collection and application of customs revenues of the Dominican Republic was signed with the United States and entered into force on July 8. It provides in Art. III:

> Until the Dominican Republic has paid the whole amount of the bonds of the debt its public debt shall not be increased except by previous agreement between the Dominican Government and the United States.

The treaty as passed stated in the preamble that a part of a settlement was the sale for the Dominican Republic of 5% bonds to the amount of $20,000,000 to liquidate claims amounting to $17,000,000 and for other purposes. It was stated that the face value of all claims was over $30,000,000. Foreign creditors "have agreed to accept about $12,407,000 for debts and claims amounting to about $21,184,000 of nominal or face value." The convention that entered into force differed from the original draft chiefly in respect to the preamble, which in the first instance had definitely asserted the political interest of the United States in the conduct of Dominican affairs. The 1907 convention recited in the preamble the Dominican obligations, recorded the plan for a loan, and asserted that "the Dominican Republic has requested the United States to give and the United States is willing to give such assistance" as was required for the collection of customs revenues and the application of them to loan service. The convention[1] itself authorized the President to appoint a general receiver of Dominican customs and defined his duties.

[1] *Treaties, Conventions, etc., 1776–1909*, Vol. I, p. 418.

The Dominican 5% customs administration gold bonds for $20,000,000 were issued in New York and dated 1908. In 1918, 5% 20-year bonds were issued in New York for $4,161,300 to meet certain claims against the Government. In 1921, $2,500,000 of 8% four-year bonds were issued in New York for completion of public works. In 1922, this issue was redeemed by part of a 5½% 20-year customs administration sinking fund of the amount of $6,700,000. In 1924, $2,500,000 of 5½% collateral trust gold notes secured on the unissued $3,300,000 of the 1922 loan were sold in New York. In the same year $300,000 of 5½% two-year notes were issued to purchase a public utility company. These 1924 issues were retired by the issuance of the remaining $3,300,000 of the 1922 loan. In 1927 and 1928, a total of $10,000,000 of 5½% 14-year customs administration sinking fund gold bonds of 1926 were issued and with part of the proceeds the 1908 5% bonds outstanding were completely redeemed. The bonds are secured on the customs receipts as collected by the appointee of the President of the United States.

These last issues were in accordance with a convention between the United States and the Dominican Republic signed at Washington December 27, 1924, to replace the convention of 1907. The general receiver is continued in his functions by the new convention, which was made because the contracts for the bond issues of 1908–22 "have proven by experience unduly onerous to the Dominican Republic." The preamble of the convention contemplated that the Dominican Republic might issue a total of $25,000,000 of bonds.[1]

These financial transactions took place while a series of events affecting the political power in the Dominican Republic was occurring. On November 29, 1916, the rule of the provisional president, Francisco H. Carvajal, was terminated by military occupation by American forces acting under instructions of the President of the United States,

[1] *U. S. Treaty Series*, No. 726.

following election disturbances and a refusal of the United States to recognize a president elected by the Dominican Congress. Justification of the occupation was based upon Art. III of the convention of 1907, by which the Dominican Government was not to increase its public debt except by previous agreement with the United States, that apparently having been done by "incurring expense incident to the repression of the revolution." The United States assumed control both of the Government and the finances of the Dominican Republic, officers of the Marine Corps acting on behalf of cabinet ministers. Evacuation of the country by the occupying troups was contemplated by an agreement of evacuation of June 30, 1922. A general election was held in March, 1924, and on July 12 a Dominican president again assumed office. On June 12, 1924, there was signed a convention ratifying the acts of the occupation, which had the effect of making numerous executive orders, resolutions and contracts issued by the United States military government authentic acts of the Dominican Government.[1] On July 12, 1924, the American flag was lowered and the Dominican Government resumed control.

Early in 1929 Charles G. Dawes and a corps of experts reported to the Dominican Government a plan of financial and fiscal reform.

The present application of the customs revenues is as follows:

(1) Expenses of collection;

(2) Payment of interest on all bonds outstanding ($20,000,000 5½%);

(3) Payment of annual sums for amortization of bonds issued;

(4) For purchase, retirement or cancellation of such bonds as may be directed by the Dominican Republic;

(5) If the customs revenues exceed $4,000,000 per annum, 10% of the sum above that amount is used for the further retirement of bonds. Such a surplus has existed since 1924.

[1] *U. S. Treaty Series*, No. 729.

The unit of Dominican currency is the United States dollar.

United States Investments. The National City Bank, with seven branches, plays a very important part in the financial life of the country.

The South Porto Rico Sugar Co. owns all the stock and bonds of the Central Romana, Inc., owning in fee about 75,000 acres in La Romana of which about 40,000 acres are under cultivation. The raw sugar mill at La Romana has a capacity of 90,000 tons of sugar per annum. It also owns an electric plant and other improvements, railroad, etc. South Porto Rico Sugar also owns the entire capital stock of the Dominican Steamship Co. ($125,000) and Yngenio Santa Fe which owns 75,000 acres of land and a mill with a production capacity of more than 40,000 tons of sugar. The property also includes about 30 miles of narrow gauge railroad.

The Bocha Chica Sugar Company owns cane lands and a mill capable of producing 15,000 tons of raw sugar per annum and a Suchar Process Refinery with an annual capacity of 30,000 tons of refined sugar. Capitalization consists of $450,000 common, $1,100,000 8% preferred, $980,000 first mortgage 7½% bonds, due in 1942, and $103,141 purchase money notes.

All America Cables, Inc., has a 30-year concession for the whole international service of the country.

About 21 American sugar mills, with an output of 283,000 long tons annually.

The five Dominican mills of the Cuban Dominican Corp., operating through the Cia. Azucarera Dominicana, the Barahona Co., and the Ingenio Barahona, have a total annual capacity of 1,130,000 bags.

The Blanton Copper Mining Syndicate owns 1,750 acres under Government concession, including the Bucaro copper mines in the Dominican Republic. The company was organized in 1910 in Delaware with 20,000 shares of stock of $25 par value of which 14,400 shares are outstanding and $400,000 bonds of which $180,000 is outstanding. The

company acquired part of the San Cristobal Mining Co. whose concession was declared forfeited. The remainder was acquired by the La Rama Mining and Milling Co. which has a concession on 1,509 acres, on which about $100,000 has so far been expended.

The Islands Gas & Electric Co., controlled by the Southern Cities Utilities Co., owns the entire capital stock of the Compañía Electrica de Santo Domingo which furnishes electric light and power without competition in the cities of Santo Domingo and San Pedro de Macoris, Dominican Republic, and the intervening territory.

In the course of 1928, the Southern Cities Utilities Company acquired from the Dominican Republic the electric and water properties which the Special American Commission headed by General Dawes advised the Republic to sell, on the grounds that it would improve the finances of the Dominican Government. The purchase was made through the Compañía Electrica de Santo Domingo C. por A., the Dominican subsidiary of the Southern Cities Utilities system, and refers to the electric system in Puerto Plata and the electric water works in Santiago. The Dominican company has also acquired the electric system in Lavega, which, together with the already-owned Santo Domingo and San Pedro de Macoris electric systems, cover at present the five largest cities of the Republic, including the capital. The Santiago and Puerto Plata enterprises were acquired in September, 1924, by the Dominican Government.

In 1912 America's investments in the country totaled $4,000,000. Investments made in subsequent years are detailed hereunder:

UNITED STATES INVESTMENTS IN DOMINICAN REPUBLIC

Securities	Amount Issued	Price
1914		
Dominican 5's, 1934	$5,000,000	–
1921		
Dominican 8's, 1925	2,500,000	100
1922		
Dominican 5½'s, 1942	6,700,000[1]	94½
1924		
Dominican 5½'s, 1926	2,500,000	100
Dominican 5½% notes, due 1926	300,000	–
1926		
Dominican 5½'s, 1942	3,300,000[2]	98
1927		
Dominican 5½'s, 1941	5,000,000	100
Dominican Oil Lands	200,000	–
1928		
Dominican 5½'s, 1940	5,000,000	99¼
Islands Edison Co. 5½'s, 1953	2,250,000	96

Guatemala

Guatemala has an area of 48,364 square miles and a population of 2,454,000, of which 60% are Indians and only 2% pure white. The remaining part consists of mixed Indians and mestizos.

Coffee is the main product of agriculture and is raised on about 25% of the total area under cultivation. The total output is about 40,000 metric tons per year, or about 88,000,000 pounds. The German element is very important in the coffee industry and large plantations are owned by German immigrants.

[1] Of which $2,500,000 for refunding.

[2] Of which $2,800,000 for refunding.

Banana growing is the next important business, in which large amounts of American capital have been invested. The yearly output was in 1914 only 2,816,100 bunches but had risen to 6,000,000 bunches in 1927.

The total crop of bananas is exported to the United States. Honey and chicle are also exported in large quantities, averaging a million kilos per year. Other agricultural products include sugar, corn and beans, which are, however, almost exclusively consumed locally.

The railways are not yet developed to any appreciable extent and only 683 miles were under exploitation in 1927.

Coffee represents 80% of the total export and bananas 10%. About 50% of the total imports and over 40% of the total exports of Guatemala are to or from the United States.

United States imports, which comprise over 40% of Guatemala's total exports, were slightly higher in 1928 than in the previous year, but are not necessarily indicative of general conditions, in view of the fact that Germany takes the bulk of the coffee exports. Our exports in 1928 were the highest on record, being 25% more than in the previous year after a 4% drop from 1926.

Public Finance. Guatemala's debt experience is a familiar one. An independence loan of 1825 went into default from 1828 to 1855, and difficulty with British and German syndicates was almost continuous for 50 years. The first American contract was negotiated in 1908 for a gold loan of $5,000,000. In 1923 conditions were favorable for a recasting of Government finance, and reforms then put into force created a basically sound handling of the debt. The public debt as of December 31, 1927, was:[1]

[1] *Latin American Budgets*, Part IV, *Trade Information Bulletin*, No. 564, p. 19.

PUBLIC DEBT OF GUATEMALA, 1927

		Quetzales
EXTERNAL DEBT:		
Sterling bonds:		
4 per cent debt of 1895 (including issue of 1913), £907,820	4,412,005	
4 per cent bonds of 1927, £844,603	4,104,771	
Dollar bonds:		
8 per cent Los Altos Railway bonds, due 1934	3,812,000	
8 per cent Republic of Guatemala bonds of 1927, due 1948	2,489,000	
		14,817,776
INTERNAL DEBT		252,419
FLOATING DEBT:		
Claims	166,626	
Deposits	261,176	
Unpaid bills	2,788,117	
Central Bank	3,378,923	
		6,594,842
Total		21,665,037

The unit of Guatemalan currency is the quetzal of a par of $1.00 United States. This unit was fixed and stabilized by a law of November 26, 1924, and the exchange has not materially altered since. The principal circulating medium, however, has been the old peso, which circulates at the rate of 60 pesos to one quetzal, making these paper pesos of a value of $0.0167.

United States Investments. In the republic American investments are larger than those of any other foreign country, amounting to about $50,000,000, and comprising the following establishments:

The International Railways of Central America (total capitalization $40,000,000) operates practically the total mileage in the republic. The lines in Guatemala and Salvador, totaling some 800 miles, are merged into a single system, said to represent an investment of $80,000,000.

The Guatemalan subsidiaries of the American and Foreign Power Company, Inc., reported gross earnings in 1928 of $890,357. They include the Empresa Guatemalteca de Electricidad and the Empresa Guatemalteiade

Electricidad. The former, together with associated companies, supplies electric power and light service in 11 communities in Guatemala, including Guatemala City, Escuintla, Antigua, Amatitlan and Palin. The population of the territory served is estimated at 182,000. The capitalization consists of 50,000 shares of common, 75,000 shares of preferred, and 12,000 shares of second preferred. The Empresa Guatemalteiade is capitalized at three shares of common stock.

The Guatemala Marble and Granite Co. and the Novella Cement Co. represent investments of about $700,000.

The Alotepeque Mines has a capital of about $200,000, and the Occidental Railroad has approximately $1,000,000 of American capital invested.

The Guatemala Gold Dredging Company, controlled by New York interests, owns gold mines in Guatemala.

The New York Engineering Company owns a concession on which $400,000 has so far been expended.

The Intercontinent Petroleum Corporation organized in 1916 in Delaware owns oil rights covering 4,500,000 acres through the Guatemala Syndicate. The latter is capitalized at $7,500,000 of which Intercontinent owns 73.3%. A test well is being drilled at El Estor, on the north shore of Lake Izabel.

The Sinclair Exploration Company, capitalized at $10,000, and the Sinclair Central American Oil Corporation, with a capital of $800,100, control the Petrolera Isabel with a 2,000,000-acre concession.

The Guatemala Syndicate, controlled by Intercontinent Corporation which owns 80% of the stock, was organized under the laws of Delaware in 1925 with a capitalization of 1,500,000 shares of $5 par value.

The Perpetual Petroleum Corporation was organized in Delaware in 1923 with a capitalization of 2,000,000 shares of $1 par value, and holds 325,000 acres of unproven oil lands in Guatemala.

The Sociedad Petrolera Izabal-Castellanos y Campañia, Ltda., was organized in Guatemala in 1922 with a capital-

ization of 5,000 shares of $100 par value, of which 2,750 shares have been issued. The company owns a concession in Guatemala comprising 9,000,000 acres.

The Southern Exploration Company was organized in New York in 1922 with a capitalization of 10,000 shares of $10 par value. It holds a potential oil concession of about 4,000,000 acres in Guatemala.

The United Fruit Co. has invested in Guatemala over $4,750,000 and owns about 27,000 acres of improved and 114,500 acres of unimproved land, 115 miles of railway and 163 miles of tramway.

All America Cables, Inc., operates a radio station in Guatemala.

Prior to the war, American investments in Guatemala amounted to $20,000,000, or one quarter more than our investments in the rest of Central America. Subsequent investments were largely of indirect character, and are detailed hereunder:

UNITED STATES INVESTMENTS IN GUATEMALA

Securities	Amount Issued	Price
1923		
International Telephone & Telegraph Co.	$1,425,000	–
1924		
International Rys. of Central America 5's, 1972	1,000,000	71
Los Altos Railway 8's, 1934	3,000,000	–
International Rys. of Central America 5's, 1972	2,500,000	76
United Coffee Mills & Warehouses Co.	300,000	–
1925		
Guatemala (bank loan)	1,500,000	–
International Rys. of Central America 5's, 1972	1,250,000	78½
International Rys. of Central America 5's, 1972	1,750,000	79½
1926		
Guatemala Mining Co.	500,000	–
Guatemala & Salvador Railway Co.	300,000	–
Guatemala Syndicate	6,000,000	–

UNITED STATES INVESTMENTS IN GUATEMALA — *Concluded*

Securities	Amount Issued	Price
1927		
Compañía Agricola de Guatemala . . .	$50,000	–
United Fruit Co.	500,000	–
Guatemala (acquisition of property) . . .	100,000	–
Guatemala (deferred 4% certificates) . . .	500,000	46½
Guatemala 8's, 1948	550,000	101
Los Altos Railway 8's, 1934	1,950,000	–
Guatemala 8's, 1948	2,515,000	–

Dutch Guiana

Dutch Guiana is attracting considerable attention through extensive bauxite mining, which has developed since the World War. American capital invested in the Guianas is estimated at $6,500,000. The Aluminum Company of America has invested $3,000,000 in bauxite mines operated by the "Surinaamsche Bauxite Maatschapij", which is controlled by American capital. The same concern operates in British Guiana through a subsidiary company, the Demerara Bauxite Company, Ltd. Philadelphia interests own large timber concessions, and American capital operates gold mines with a capital of $2,000,000.

No foreign loan has been placed in the United States.

Since 1927, the yearly capacity of the "Surinaamsche Bauxite Mj." and the Kalbfleisch Corporation — both American companies and subsidiaries of the Aluminum Company of America — is each about 200,000 tons a year, of which 176,291 tons are exported to the United States.

The Aluminum Company of America obtains about 40% of the bauxite from Dutch Guiana. The Netherlands is understood to be contemplating levying a tax of 2½ guilders (about $1.00) per ton on the production of bauxite.

Lago Oil and Transport Corporation has refineries on Aruba, Dutch West Indies, where its crude oil from Venezuelan fields is run.

Haiti

Haiti, with a 2,550,000 negro population, has an area of 10,204 square miles. It occupies the western third of the West Indian island known both as Haiti in French and as Santo Domingo in Spanish. French is still the official language, but English is compulsory in the upper schools. A large number of the people in the rural districts are still in a very backward state, but are reputed to be industrious and essentially honest.

Agriculture is the principal and almost only source of wealth; the greater part of the annual crop is consumed in the country itself, and of the exports coffee is the most important. Coffee comprises nearly 80% of the total Haitian exports, so that future trends are largely dependent upon the world coffee market. Cotton, logwood and sugar are minor commodities in the export table.

United States imports — only about $1,500,000 — are not indicative of the general trend, inasmuch as France takes the bulk of the Haitian export coffee crop. United States exports, comprising over three-quarters of Haiti's total imports, are more representative, and showed an improvement every month in 1928 over the corresponding month of the previous year, except September, and attained a figure of $15,246,508.

Public Finance. In July, 1915, the President of Haiti, Guillaume Sam, took refuge in the French legation at Port-au-Prince, from which a Haitian mob removed him and murdered him. The United States, in order to prevent complications with other countries, landed marines, and on September 16, 1915, signed a treaty with the Government that existed in Haiti with respect to the finances, economic development and tranquillity of the country. The following are provisions of the treaty: [1]

Art. VIII. The Republic of Haiti shall not increase its public debt except by previous agreement with the President of the United

[1] *Treaties, Conventions, etc.*, 1910–1923, p. 2675.

States and shall not contract any debt or assume any financial obligation unless the ordinary revenues of the republic available for that purpose, after defraying the expenses of the Government, shall be adequate to pay the interest and provide a sinking fund for the final discharge of such debt.

Art. XI. The Government of Haiti agrees not to surrender any of the territory of the Republic of Haiti by sale, lease or otherwise, or jurisdiction over such territory, to any foreign government or power, nor to enter into any treaty or contract with any foreign power or powers that will . . . tend to impair the independence of Haiti.

Art. XII. The Haitian Government will settle with the United States all pending pecuniary claims of foreign corporations or individuals against Haiti.

A general receiver of customs was appointed on the nomination of the President of the United States to collect, receive and apply all customs duties, and a financial adviser, similarly appointed, was attached to the ministry of finance, "to give effect to whose proposals and labors the minister will lend efficient aid." The treaty was negotiated for 10 years from the exchange of ratifications on May 3, 1916. On March 28, 1917, its life was extended to 20 years, because of Haiti's "urgent necessity for a loan for a period of more than 10 years." On October 3, 1919, a protocol to establish a claims commission was signed, the commission having jurisdiction, among other claims, over the indebtedness represented by the three outstanding bond issues of 1875, 1896 and 1910. By Art. VI of the protocol, it was recorded that Haiti agreed to issue within two years "a national loan of $40,000,000 payable in 30 years by annual drawings at par." A first series of this authorization for $16,000,000 was placed on the New York market in 1922.

The claims commission finished its work in June, 1926. As it effected a settlement of bond claims among others, the record of the awards is appended:

AWARDS OF CLAIMS COMMISSION

	Number Claims	Amount Claimed	Amount Allowed
American	157	$6,037,675.73	$455,729.90
Haitian and various . .	72,133	14,888,728.29	1,615,154.39
French	361	9,674,340.32	572,597.92
	211	6,633,302.33	183,473.61
British	147	347,785.49	109,063.77
	30	997,848.96	67,584.74
Italian	35	21,409.90	13,254.21
	17	164,644.67	7,750.00
German	153	515,710.64	291,657.53
	25	647,781.63	209,914.01
Total	73,269	$39,929,227.96	$3,526,170.08

The collected customs duties are applied by the general receiver as follows, by Art. V of the 1915 treaty:

(1) Payment of salaries and allowances of the general receiver, the financial adviser, and their assistants;
(2) To the interest and sinking funds of the public debt;
(3) To the maintenance of a native police force under American officers;
(4) The remainder to be turned over to the Haitian Government for its current expenses.

The unit of Haitian currency is the gourde, valued at $0.20, the medium of exchange being notes of the National Bank of Haiti, an affiliation of the National City Bank of New York.

Governmental receipts in 1925–26 amounted to $9,073,000 and expenditures to $8,186,000, whereas in 1926–27 receipts were $7,772,000 and expenditures amounted to $7,949,000.

In 1929 the financial adviser-general receiver resigned without the reasons therefor being publicly stated. The United States does not maintain a minister at Port-au-

Prince but the rest of a legation staff is in residence. An American high commissioner resides at Port-au-Prince, receives reports of all treaty officials and himself reports annually to the Secretary of State at Washington.[1]

The Haitian national public debt has been diminishing as follows:

PUBLIC DEBT OF HAITI

	Sept. 30, 1925	Sept. 30, 1928
External debt	$17,564,697	$15,828,894
Internal debt	5,481,553	3,058,729
	$23,046,250	$18,887,623

On September 30, 1927, the total debt was $19,941,370.

Since 1917 the foreign trade has increased by more than 100%. For the year ending September 30, 1928, total trade was $42,215,503, of which $22,667,246 was exports and $20,248,257 imports. France receives 50% of the total exports, coffee being the predominant item. Of the total imports the United States supplies 75%.

United States Investments. The Haitian-American Development Corporation was organized in Delaware with $400,000, divided into 5,000 shares of no par value.

The Haitian Corporation of America, organized in 1923 under the laws of Delaware, owns all the capital stock of the Compagnie d'Eclairage Electrique des Villes de Port-au-Prince et de Cap Haitien, the Compagnie de Chemins de Fer de la Plaine de Cul-de-Sac, and the Haitian American Sugar Company, and 94% of the stock of the Compagnie Haitienne du Wharf de Port-au-Prince. The company owns or controls through ownership of securities the following properties: The Railroad Company operating 55 miles of main lines under exclusive Government concession in force until August 1, 1950, with preference for re-

[1] See Arthur C. Millspaugh, "Our Haitian Problem," *Foreign Affairs*, VII, p. 556.

newal, and an annual interest guaranty from the Haitian Government of $41,200 secured by pledge of Government revenues; also exclusive right for operating the tramways in the City of Port-au-Prince and its suburbs; an Electric Light & Power Company operating under exclusive Government concession in force until 1946 in the cities of Port-au-Prince and Cap Haitien, under contract for municipal lighting secured by pledge of Government revenues; a wharf company operating under exclusive Government concession for the Harbor of Port-au-Prince a commercial wharf with warehouse and freight-handling equipment, and served by the above-mentioned railroad; the concession expiring in 1956 grants exclusive rights, including the collection of a fixed charge of $1 per ton and also service charges on all goods imported and exported at Port-au-Prince whether the facilities of the wharf are used or not; a sugar company which owns in fee and by lease 22,782 acres of valuable sugar land located in the plains served by the railroad and adjacent to Port-au-Prince, of which about 11,500 acres are under cultivation of cane. It also owns a sugar mill near Port-au-Prince with a daily grinding capacity of 2,000 tons of cane, capable of producing annually about 215,000 bags. Capitalization consists of 100,000 shares of no par value, of which 90,890 shares are outstanding. There are also outstanding $2,996,531 of 8% income bonds due in 1938, of an authorized issue of $3,000,000. The total assets of the corporation amounted on June 30, 1927, to $10,896,094.

American capital controls the Société Anonyme Usine à Manteque de Port-au-Prince, capitalized at $90,000 of preferred stock and 2,000 shares of no par value common stock. There are also outstanding 10-year 9% bonds due in 1937 amounting to $200,000, and 8% unsecured notes due serially December 1, 1928, to 1931, amounting to $60,000.

The Haiti Mines Corporation, organized in 1910 under the laws of New York, with a capitalization of 200,000 shares of $5 par value, to acquire the property owned by

the Compagnie Minière des Terres Neuves, a Haitian corporation incorporated in 1905 owning concessions covering 336 square miles and said to contain copper deposits. Construction work was started in 1911, the road running from Port-au-Prince to St. Marc, thence east to Verettes, and is to be extended up the valley of the Artibonite to Hinche, aggregating about 115 miles. Its capitalization consists of 70,000 shares of common stock of $100 par value, and $3,500,000 first mortgage 6% bonds due in 1960. In 1924 the Haitian Government agreed to exchange these bonds for 6% Government bonds Series "C" on the basis of 75% principal amount of Government bonds for 100% principal amount of railroad bonds. The Government in addition paid $35.75 cash per bond deposited.

The Haitian Pineapple Co. has 1,000 acres of pineapple lands, an option on 8,000 acres more and a canning plant.

The Haitian American Sugar Co. owns and operates 20 miles of narrow gauge railroad.

Other American interests include:

The Logwood Manufacturing Corporation;

The North Haitian Sugar Co.;

The Compagnie Haitienne, owned by the American Dyewood Co.;

The United West Indies Co., owning about 10,000 acres.

The National City Co. of New York owns the Banque Nationale de la République d'Haiti (capital $2,000,000) and the National Railroad.

All America Cables, Inc., owns the Haiti Telegraph & Cable Co.

W. R. Grace & Co. owns the stock of the Société Commerciale d'Haiti.

Prior to the war, American investments in the republic were placed at $4,000,000. Details regarding subsequent investments are presented hereunder:

UNITED STATES INVESTMENTS IN HAITI

Securities	Amount Issued	Price
1917		
Haitian American Corporation 7% pfd. .	$5,500,000	100
1918		
Haitian American Corporation 7% pfd. .	500,000	–
1919		
Haitian American Corporation 7's, 1922–24 .	3,000,000	98.95–99.30
1922		
Haiti Series "A" 6's, 1952	16,000,000	96½
1923		
Haiti 6's, Series "C," 1953	2,660,000	–
Haitian Corporation of America 8's, 1938 .	3,000,000	–
1925		
Haiti (internal bonds)	1,743,000	–

Honduras

The Honduran population of 740,000 consists mostly of a mixture of Indian and European blood, pure whites being comparatively scarce. The total area is 46,250 square miles.

The principal activities are the growing of bananas, mining and, formerly, the lumber trade. The export of bananas aggregates about 14,000,000 bunches annually. The banana trade is almost entirely in the hands of American companies, especially the United Fruit Company.

The year 1927 was a record banana year, with 19,000,000 stems exported, but 1928 showed still further improvement, 24,000,000 bunches having been exported in the first 10 months alone. Bananas constitute between 75 and 80% of Honduran exports, with sugar and coffee occupying relatively minor positions. United States imports comprise nearly 80% of the total export trade, but are not indicative

of general prosperity. Our exports likewise constitute some 80% of total Honduran imports. The total trade in 1926–27 amounted to $28,176,000.

Shipment of mahogany and other woods is at present reduced by exhaustion of forest supplies and by inefficient means of transportation. The railways in operation have a mileage approaching 1,000. They include a 60-mile line of the National Railway from Puerto Cortes to Potrerillos and 460 miles owned by the United Fruit Company, which also owns 165 miles of tramways.

Public Finance. The external debt of Honduras for many years consisted of a 5% loan of 1867, a 10% railway loan of 1867, a 6⅔% (French) loan of 1869, and a 10% railway loan of 1870, all of which had a total nominal value of £5,398,570 and all of which were in default from 1872 to 1926. An agreement between the Government of Honduras and the British chargé d'affaires, representing the Corporation of Foreign Bondholders, was signed on October 29, 1925, for the adjustment of the debt. On that date principal and accrued interest amounted to £30,041,504. It was said that comparatively little of the original principal had reached the Honduran treasury for public purposes. By the agreement, the sum of £452,000 was taken as the basic principal on which a settlement was to be made. Cumulative interest of 8.86% was admitted on this sum during the period of amortization, the principal and interest to be covered by half yearly payments of £20,000, or a total of £1,200,000. Bonds received by the Corporation of Foreign Bondholders up to July 31, 1928, and delivered to the National City Bank of New York are canceled at the ratio of £100,000 nominal bonds for each semi-annual payment of £20,000. The guaranty of payments is a special 3% ad valorem tax on customs revenues.

The internal and floating debt of Honduras has offered a problem in recent years. The Government has borrowed from the United Fruit Company, Standard Fruit and Steamship Company, the Cuyamel Fruit Company and some of their subsidiaries. On February 27, 1928, Hon-

duras contracted with the Marine Bank and Trust Company of New Orleans for a loan of $1,500,000 at 7%, guaranteed by custom house receipts. The loan is to be amortized by monthly payments of $25,000, which the Government is to receive from the fruit companies and their subsidiaries on account of the monthly liquidation of customs duties, taxes, port charges, etc., incurred by the companies.[1]

The technical unit of Honduran currency since 1926 has been the lempira, par $0.50. Business is, however, extensively done with the former peso, which sells at the rate of about 2.16 pesos to the dollar. United States currency is in general use in the country.

Investments. The major portion of America's investments in Honduras are those of the United Fruit Company, which owns large plantations (163,000 acres), buildings, railway lines, docks, etc. Of total United States investments in the country, United Fruit Company accounts for about $25,000,000. The company has about 74,000 acres under cultivation.

The Cuyamel Fruit Co., controlled by American interests, has about 250,000 acres, while its subsidiary, the Cortes Company, has 12,000 acres in cultivation. The Cuyamel Fruit Co. has a capital of $18,383,900. Bonds outstanding amount to $4,343,100. Total assets of the company are in excess of $24,000,000. It also operates in Nicaragua.

Other American companies are Vaccaro Bros. & Co., the Tropical Timber Co., and the New York and Honduras Rosario Mining Company, organized in 1880 under the laws of New York, with a capitalization of 200,000 shares of $10 par value. This company owns 63% in the Sabana-Grande Honduras Mining Company. It owns a concession from the Honduran Government expiring December 31, 1940, on 25 square miles of mineral-bearing land at San Juacinto, containing gold and silver. The total assets of the company are in excess of $6,000,000.

[1] *55th Annual Report . . . Corporation of Foreign Bondholders,* p. 228.

The West End Opoteca Mines Company was organized in 1920 in California with 3,000,000 shares of $1 par value, of which 1,788,486 shares have been issued. The company owns 1,500 acres, including the Opoteca silver mines in Honduras.

The America and Honduras Mines Corporation, organized in 1919 under the laws of Delaware, with a capitalization of 500,000 shares of $1 par value, of which 200,000 shares are in the treasury. The United States Continental Mines Company owns 80% of the stock. The company owns 86½%, or 16,786 shares, of the Yuscarán Consolidated Mines Corporation, organized in 1912 under the laws of New York with a capitalization of 20,000 shares of $5 par value to take over and operate the mines of Yuscarán covering about six miles in the Yuscarán District, embracing silver and gold mines, farm and timber lands.

The Copper Consolidated, Incorporated, was organized in 1913 in Delaware with a capitalization of 1,000 shares of no par value. It owns 12,355 acres containing copper mines in the Department of Yaro.

Other American investments include: Antigua Gold and Copper Co., capitalized at $2,000,000; the Central American Petroleum Co., which has a concession of 4,000,000 acres; the Honduras Petroleum Co., and the American Chicle Co.

The American controlled Hondurian Company has been operating the National Railways of Honduras since 1920.

The transportation of bananas is in the hands of the Pan-American Honduras Development Co. of Baltimore.

Details regarding American investments made in recent years through public offerings of securities are given below.

UNITED STATES INVESTMENTS IN HONDURAS

Securities	Amount Issued	Price
1921		
Cuyamel Fruit Co. 7's, 1941	$3,500,000	99
1923		
Cuyamel Fruit Co. (shares)	2,942,500	–
1925		
Cuyamel Fruit Co. 6's, 1940	2,025,000	99
1926		
Honduras 7's, 1929	500,000	98½
1928		
Andes Development Co.	1,000,000 [1]	–
Public Utilities Consolidated Corp. 6½'s, 1948	750,000	100

Jamaica

Jamaica, with the adjacent Cayman, Turks and Caicos Islands, has an area of 4,704 square miles and a population of 927,600 persons.

United States trade with Jamaica amounted to $18,-363,000 in 1927 but decreased to $16,139,000 in 1928, chiefly due to a drop of 20% in the value of exports.

Foreign investments are largely American or Canadian, although colonial loans have been handled in the London market.

The Atlantic Fruit & Sugar Company and the United Fruit Company own banana plantations. The former owns fully equipped coconut and banana plantations in Jamaica aggregating 24,830 acres. They have about $7,000,000 invested in railways, hotels, buildings, etc.

United Fruit has 9,700 acres under cultivation and owns 80 miles of railroad and 24 miles of tramways.

The Jamaica Railway Co. is owned by Americans, and is estimated to represent an investment of $12,000,000.

[1] Common stock.

The Jamaica Consolidated Copper Co., with an estimated investment of $6,000,000, brings the total of American investments in this British colony up to $25,000,000.

Stone & Webster, Inc., owns 10,497 shares of common stock in the Jamaica Public Service Company, Limited, valued at about $325,000.

Mexico

A population of 14,234,799 people is living in a vast territory of 760,290 square miles. To compare Mexico with the United States, its area equals that of the states of Wisconsin, Nebraska, Ohio, Indiana, Illinois, Minnesota, Missouri, Michigan, Kansas, Iowa, Vermont, Connecticut, North and South Dakota together. No wonder that there is a great difference in temperature and different kinds of agricultural occupations. The density of population is about 20 per square mile.

The 28 federal states are self-governing and have the right to contract loans and to regulate their own budgets.

About four-fifths of the soil of Mexico is adaptable for agriculture or cattle raising.

The chief staple product is corn, but coffee, sugar, beans and cotton are also raised.

Mexico is extremely rich in mineral resources. During the colonial days, Mexico was an important silver producing country, and silver is still the leading product of the mining business. Coal is found in the State of Coahuila, with an annual output of about 800,000 tons.

However, it is the petroleum wealth of the country which more than any other product has contributed to the influx of foreign capital into the republic.[1] Of the total exports of petroleum, the United States imports 90%, only 10% going to Europe. Petroleum production has declined steadily since 1921, and this has entailed serious loss in Government revenues with accompanying difficulties, but

[1] On the controversy over petroleum properties, see Charles W. Hackett, *The Mexican Revolution*, World Peace Foundation Pamphlets, Vol. IV, No. 5.

its effects upon the life of the people as a whole are less than might be thought from a purely statistical study. From 64,121,142 barrels in 1927 production dropped to 50,150,610 barrels in 1928.[1]

Domestic consumption in a country of some 15,000,000 population is considerable, and with the exception of the mineral products, which are 90% foreign owned, is of far more importance to the country at large than the export demand.

After the election of Obregon in July, 1928, there was a general feeling of increased optimism, which received a setback following his assassination in the same month, but was revived by the peaceful election of Señor Portes Gil in November. There was no tangible improvement during 1928 in Mexican economic conditions which reached their nadir toward the close of 1927, but there has been a decided feeling of optimism since that time owing to political rather than to economic causes.

Of Mexico's foreign commerce, 70% of the imports come from the United States, while of the exports about 75% go to the United States. Leaving petroleum out of consideration, United States imports from Mexico showed a 12% drop in 1927 and a further decline of some 9% during 1928. These decreases compare with a decline in our total imports from Mexico of 18% in 1927 and 13% in 1928.

United States exports to Mexico were 7% less in 1926 than in the previous year, and dropped a further 19% in 1927, increasing some 6% during 1928. Mexico dropped from its position as our leading customer in Latin America in 1921 to second place in 1924, and to third place since that date.

Public Finance. The public debt of Mexico is extensively held abroad and was in default from July, 1914, until an arrangement was effected with an international committee of bankers in 1925. Since that date, some irregularity has occurred in taking up cash warrants issued in connection with the settlement. The total included in the

[1] *Bulletin of Pan American Union*, LXIII, p. 610.

agreement as of December 31, 1925, amounted to 1,561,-438,348 gold pesos, or $778,337,000. Of this amount 671,-236,456 pesos was the railway debt, which is especially secured on the revenues of the National Railways, the accounts of which were gone over by auditors in a report due in 1929. The "direct debt" included in the agreement amounted to 890,201,892 gold pesos. In addition, there was a banking debt and a floating debt. The minister of finance in a statement submitted to Congress on November 29, 1928, gave the debt as follows:

MEXICAN DEBT, 1928

Bonded debt	$18,820,976
Classified floating debt	139,870,350
Unclassified floating debt, estimated	614,421,124
	$773,112,450

This total was apparently independent of the settlement of 1925. Business respecting the external debt is being handled by the International Committee of Bankers of Mexico.[1]

The Mexican unit of currency is the gold peso of $0.4985. On exchange it maintains a position slightly below par.

Foreign Investments. Total United States investments in the republic, at the close of 1928, may conservatively be placed at $1,550,096,000, distributed as follows:

FOREIGN INVESTMENTS

Government bonds (external)	$140,000,000
Government bonds (internal)	15,800,000
State bonds	3,500,000
Municipal bonds	2,500,000
Railroads	300,000,000
Mining and smelting	391,000,000
Oil	408,000,000
Manufacturing	60,000,000

[1] For the present status see *55th Annual Report . . . Corporation of Foreign Bondholders*, p. 243.

Wholesale and retail	$50,000,000
Public utilities	37,500,000
Banks	3,500,000
Plantation and timber	138,296,000
Total	$1,550,096,000

According to the Mexican Department of Industry and Commerce, foreign capital invested in the Mexican oil industry was distributed as follows:

	Amount (Pesos)
American	606,043,000
British	354,776,000
Dutch	71,191,000
Mexican	11,582,000
Miscellaneous	6,933,000
Total	1,050,535,000

This value of roughly $525,000,000 compares with a total investment of $583,159,000 in 1926, when the land costs represented $193,000,000, or one-third of the total. Of the $390,000,000 invested in petroleum enterprises in addition to the land — well construction, tanks, pipe lines, etc. — $224,000,000, or 57.46%, was American.

In connection with the large investments in Mexican oil enterprises, it is of interest to call attention to the completion of a task undertaken by the Mexican Ministry of Industry and Commerce, involving the listing of companies and persons legitimately engaged in petroleum exploitation, for the purpose of avoiding frauds which have so often occurred by the sale of shares in so-called oil companies which in reality do not exist.

The capital invested in industrial establishments is reported to be as follows:[1]

[1] *Bulletin of the Pan American Union*, LXIII, p. 609.

CAPITAL IN INDUSTRIAL ESTABLISHMENTS

Nationality	Amount (Pesos)	Percentage of Total
Mexican	98,180,155	23.78
Canadian	85,566,657	20.72
United States	71,610,092	17.34
English	27,701,906	6.71
French	23,408,947	5.67
Spanish	16,010,012	3.88
German	1,949,921	0.47
Other nationalities and unspecified	88,539,752	21.43
Total	412,967,450	100.00

At $0.48 per peso, $202,364,000.

Oil Interests. Some of the larger American controlled or owned petroleum companies operating in Mexico are:

The Mexican Petroleum Company of California was the first to secure the commercial production of oil in Mexico. It owns storage facilities for about 1,000,000 barrels, tank cars, pipe-lines, refineries and tanker fleet;

The Standard Oil Company of New Jersey operates through various subsidiaries, particularly the Compañía Transcontinental de Petroleo.

The Atlantic Gulf Oil Corporation, organized under the laws of Virginia in 1919, with a capitalization of 200,000 shares of $1 par value, is a subsidiary of the Atlantic Gulf and West Indies Steamship Lines. The company's properties have been sold to the Warner Quinlan Company of New York.

The Atlantic Lobos Oil Company was organized in Delaware in 1919, and has a capitalization of 500,000 shares of no par value, of which 499,433 have been issued, and 200,000 shares of preferred stock of $50 par value. The company owns extensive oil bearing lands in Mexico, and is interested in the Cortez-Aguada Petroleum Corporation, the Adrian

Petroleum Company, Inc., and the "La Atlantica", Compañía Mexicana Productora y Refinadora de Petroleo, S. A.

The California Investment Company of New York is a subsidiary of the Venezuela Mexicana Oil Corporation, and owns a terminal at Tampico, Mexico.

The California Standard Oil Company de Mexico, a subsidiary of the Standard Oil Company of California, was organized in Delaware in 1925. Capital consists of 1,000 shares of common stock of no par value.

Compañía de Gas y Combustible "Imperio" is a subsidiary of the Cities Service Company, and was organized in Mexico in 1919 with a capitalization of 2,000 shares of $50 par value.

Compañía de Terrenos Petroliferos "Imperio", also a Cities Service subsidiary, was organized in Mexico in 1921 with a capitalization of $50,000. The company owns acreage in Tamaulipas and Vera Cruz, Mexico.

Compañía Emmex de Petroleo y Gas, a subsidiary of Cities Service, was organized in Mexico in 1918 and owns acreage in northern Mexico.

The Compañía Petrolera del Agwi, S. A., was organized in Mexico in 1921 with a capitalization of 6,250 shares of common stock of $100 par value. The company owns pipe lines with a capacity of 100,000 barrels per day.

Compañía Transcontinental de Petroleo was organized in Mexico in 1912 with a capitalization of 400,000 shares of common stock of 10 pesos par value. It owns extensive holdings of producing and undeveloped fields in various parts of Mexico.

The Consolidated Oil Companies of Mexico, a subsidiary of Marland Oil Company of Mexico, was organized in 1920 under the laws of Mexico with a capitalization of 10,000,000 shares of one peso par value. The company also has an interest in the Compañía Pet. Franco Espanola, S. A. It owns acreage in Lemon, Vera Cruz, with an output of 1,300 barrels per day.

The Continental Mexican Petroleum Company was organized in 1911 with a capitalization of 5,000 shares of

$100 par value, all owned by the General Petroleum Corporation. The company owns a terminal site opposite Tampico; part of 597 acres of unproven land in the Panuco district; 3,563 acres in the Tantoyuca district; and a joint ownership of leases with the Texas Corporation on 83,165 acres of unproven land in Nuevo Leon.

The Continental Oil Company, incorporated in Delaware in 1929 for the purpose of merging the Marland Oil Company, the Continental Oil Company of Maine and the Prudential Oil Company of Delaware, controls through the Marland Oil Company the Marland Oil Company of Mexico, S. A., with a capitalization of 2,000,000 shares of two pesos par value. This company owns 7,308,135 shares of stock of the Consolidated Oil Companies of Mexico, S. A., leaving 1,018,937 shares in the hands of the public. Shares have a par value of one peso.

The Cortez-Aguada Petroleum Corporation was organized in New York in 1913 with a capitalization of 1,500 shares of $100 par value, as the Mexican subsidiary of the Atlantic Lobos Oil Company.

The Empire Pipe Line Company of Mexico, S. A., a subsidiary of Cities Fuel & Power Company, has a capitalization of 500 shares of $50 par value. It holds acreage under lease in the Cacalilao and Maguabes districts, with an average daily production of 2,450 barrels.

The English Oil Company, S. A., a subsidiary of the Intercontinental Petroleum Corporation, is capitalized at 1,000 shares of one peso (gold) par value. It owns 241 acres in the Panuco district and 1,600 acres in the Tampico district. Daily production averages 2,000 barrels.

The Globe Petroleum Corporation was organized in Virginia in 1922, with 500,000 shares of $10 par value, of which 311,253 shares are outstanding. The company's Mexican properties comprise 4,172 acres in the Tampico district, and 15,692 acres in northern Mexico. It also is interested in the Globe Oil Company, S. A.

The Gulf Coast Corporation, a subsidiary of Cities Fuel & Power Company, was organized in 1910 under the laws

of Virginia, with 200,000 shares of $5 par value, of which 170,000 shares are outstanding.

The Hidalgo Petroleum Company was organized in Delaware in 1921, with 3,000,000 shares of $1 par value, of which 1,205,000 shares are outstanding. Properties consist of 640 acres of unproven land in Port Lobos, Mexico.

The Huasteca Petroleum Company was organized in Delaware in 1907 with an authorized capital of $15,000,000, of which $14,680,000 is outstanding, all owned by the Mexican Petroleum Company, Ltd., of Delaware. It owns or controls about 1,050,000 acres in Mexico, together with pipe lines, railroad, wharfage and terminal facilities.

The International Petroleum Company, a subsidiary of the Mexican Seaboard Oil Company, was organized in Maine in 1910 with 60,000 shares of $10 par value. It owns the entire capital stock of the Compañía Internacional de Petroleo y Oleductos, S. A., and Compañía Mexicana de Terrenos y Petroleo. Properties comprise about 1,377,540 acres, of which 1,000,000 acres are in the state of Tamaulipas.

The Kern Mexican Oil fields, S. A., a subsidiary of Kern River Oil Fields of California, Ltd., was organized in Mexico in 1918, with 250 shares of 100 pesos par value. The company has leases on 28,500 acres under an agreement with Tampico Oil Company, Ltd., and other leases on 5,244 acres. Company's daily production averages 500 barrels.

"La Atlantica" Compañía Mexicana Productero y Refinadora de Petroleo, S. A., a subsidiary of Atlantic Lobos Oil Company of Philadelphia, was organized in Mexico in 1918, with a capitalization of 1,000 shares of $50 par value.

The Lagunita Oil Company, a subsidiary of Cities Fuel and Power Company, was organized in West Virginia in 1912, with a capitalization of 6,000 shares of common and 1,000 shares of preferred stock of $100 par value. The company owns the entire capital stock of the Tampascas Oil Company.

The Mexican Gulf Oil Company, a subsidiary of Gulf Oil Corporation of Pennsylvania, was organized in 1912 under the laws of Delaware, with a capitalization of 8,000 shares of $25 par value. The company owns oil-bearing lands in Panuco, Topila and in the southern fields of Mexico.

The Mexican Seaboard controls a pipe line subsidiary in Mexico known as the Compañía Nacional de Petroleo y Oleoductos, S. A. The company's operations are not very profitable and, for the first half of 1929, the net loss aggregated $13,281.

The Mexican Sinclair Petroleum Corporation, a subsidiary of Sinclair Consolidated Oil Corporation, owns and operates extensive oil-bearing lands in Mexico.

The Mexico Ohio Oil Company, a subsidiary of the Ohio Oil Company, was organized in Delaware in 1926, with a capitalization of 500,000 shares of no par value, of which 400,000 shares have been issued. The company owns all the stock of the Ohio Mexican Oil Corporation, S. A., with the exception of directors' qualifying shares. The properties of the latter company consist of oil and gas concessions on 3,500,000 acres in West Central and North Central Coahuila. Additional acreage is being acquired in the State of Nuevo Leon.

The Mexico Oil Corporation was organized in 1919 under the laws of Maine, with a capitalization of 2,500,000 shares of $1 par value, of which 1,500,000 shares have been issued. The company has an interest in the Compañía Nueva de Petroleo Mexicana, S. A.

The New England Fuel Oil Company was organized in 1911 under the laws of Maine, with a capitalization of 25,000 shares of common of $10 par value. The company's Mexican properties produce about 750 barrels per day.

The Ohio Mexico Oil Corporation was organized in Mexico in 1926, with a capitalization of 500,000 shares of 20 pesos par value.

The Otontepec Petroleum Company, S. A., a subsidiary of the Venezuela Mexican Oil Corporation, holds leases

on about 19,000 acres of land in the southern fields of Mexico.

The Panuco Boston Oil Company, a subsidiary of Atlantic Oil Producing Company, was organized in 1914 under the laws of Maine, with a capitalization of 10,000 shares of $100 par value. The company owns 511 acres near the Panuco Fields in Mexico, with nine producing wells and an average daily output of 650 barrels.

The Penn Mex Fuel Company, a subsidiary of the South Penn Oil Company, was organized in Delaware in 1912, with a capitalization of 400,000 shares of common of $25 par value. The company controls 160,000 acres under lease and in fee in the State of Vera Cruz, and it also has important holdings in the Paciencia Fields in Mexico.

The Southern Fuel & Refining Company, a subsidiary of Cities Fuel & Power Company, was organized in Delaware in 1911 with a capitalization of 99,500 shares of $10 par value. The company owns 441,000 acres of oil-bearing land in Mexico.

The Sun Oil Company operates in Mexico through its Mexican subsidiary, the Sun Oil Company of Mexico.

The Tal-Vez Oil Company, a subsidiary of the Southern Oil & Transport Corporation, was organized in Mexico in 1910 with a capitalization of 100 shares of 1,000 pesos par value. The company's properties have an average daily production of 10,000 barrels.

The Tamihua Petroleum Company, a subsidiary of Mexican Petroleum Company, Ltd. of Delaware, was organized in Maine in 1906 with a capitalization of $1,000,000.

The Tampascas Oil Company of Mexico, a subsidiary of Lagunita Oil Company, was organized in West Virginia in 1912 with a capitalization of 200 shares of $100 par value. The company's Mexican properties have an average daily production of 95 barrels.

The Texas Company of Mexico, S. A., a subsidiary of the Texas Corporation, was organized in Mexico in 1917, with a capitalization of 53,000 shares of 100 pesos par value, of which 35,000 have been issued. The company

owns about 175,000 acres of leases and fee lands in the Gulf Coast area.

The Tuxpam Petroleum Company, a subsidiary of Mexican Petroleum Company, Ltd. of Delaware, was organized in 1906 under the laws of Maine with a capitalization of $1,000,000.

The Tuxpan Oil Company, a subsidiary of Producers Oil Corporation of America, was organized in 1907 under the laws of Delaware with a capitalization of 600 shares of common of $100 par value, and 300 shares of preferred of $100 par value. None of the preferred stock has been issued. The company owns 8,000 acres of oil lands in the State of Vera Cruz.

The Venezuelan Mexican Oil Corporation was organized in Virginia in 1917 with a capitalization of 1,500,000 shares of common of $10 par value, of which 719,250 have been issued, and 75,000 shares of 8% preferred of $10 par value, of which 24,414 have been issued. The company owns the entire capital stock of the Otontepec Petroleum Company, the California Investment Company, S. A., and the North American Leasing Corporation. The company owns properties in Mexico and concessions in Venezuela.

The Pan American Petroleum & Transport Company was organized in Delaware in 1916. It owns 98% in the Mexican Petroleum Company, Ltd., and 95% in Lago Oil & Transport Corporation. The Mexican Petroleum Company, Ltd., on the other hand, owns 99¼% in the Mexican Petroleum Company of California, 100% in the Huasteca Petroleum Company, 100% of the Tuxpam Petroleum Company, 100% of the Tamiahua Petroleum Company, 100% of the Mexican Petroleum Corporation of Louisiana, and 100% of the Mexican Petroleum Corporation. The fleet of oil-carrying steamers owned by the Pan American consists of 31 vessels totaling 273,333 tons, with carrying capacity of 1,800,000 barrels. These vessels are leased to the Huasteca Oil Company and, together with five vessels leased from outsiders, transport the company's oil from Tampico, Mexico, and Destrehan, Louisiana, to various

stations of the company on the Atlantic and Gulf coasts of the United States, and in Panama and South America. The company's Mexican properties cover an area of about 1,500,000 acres and are located principally in the Tampico district. The output for 1927 was 24,000,000 barrels, against 33,000,000 barrels in 1926. It also owns and operates about 750 miles of pipe lines in Mexico with a capacity of 135,000 barrels per day, carrying oil from the southern fields to Tampico, and 90,000 barrels per day from the Panuco fields to Tampico. It also owns and operates at Tampico a complete refinery, with a capacity of 130,000 barrels of crude oil per day. The company further owns storage facilities in Mexico, of about 10,000,000 barrels, and a railroad 65 miles long running from San Geronimo to Cerro Azul.

The company's capitalization consists of $230,000,000, divided into 1,100,000 common shares of $50 each; 3,000,000 Class "B" common shares of $50 each; and 250,000 shares of preferred stock of $100 each. There are outstanding $7,487,500 of 10-year 6% convertible bonds offered in 1924 at 97, and due November 1, 1934; and $1,683,500 of 10-year 7% convertible bonds of an original issue of $10,000,000 offered in 1920 at 94½, and due in 1930.

The Union Oil of California was organized in 1890. It owns the entire capital stock of Union Oil Company of Mexico, Compañía Mexicana de Petroles "Union," and Compañía la Macarena. The area owned in Mexico amounts to 26,786 acres, and in Colombia to 405,524 acres.

The Kern River Oil Fields of California, Ltd., was organized under the laws of California, in 1910. In 1918, an arrangement was made with the Tampico Oil, Ltd., which owns 28,500 acres in the district of Panuco, Mexico, whereby Kern River has the right to take over the entire property subject to a royalty of 7½% of the production from such lands, and to the payment of expenses in Mexico as from April 1, 1918. In order to comply with Mexican laws, the company organized a Mexican subsidiary, known as the

Kern Mex Oil Fields, S. A., with a nominal capital of $25,000, operations being directed to the properties leased from Tampico Oil, Ltd. Sub-leases of over 18,500 acres have been granted to the Mexican Gulf Oil Company. Further leases have been secured of about 5,244 acres in the State of Nuevo León, District of Los Aldamas. The company has also acquired properties in Trinidad; 3,651 acres free-hold, 145 acres lease-hold, and oil exploration license over 1,448 acres, subject to royalty from 1,284 acres free-hold. Of the 70 wells which have been sunk on the Trinidad property, 53 are producing. Capitalization consists of 3,000,000 shares of 10 shillings par value, which are quoted on the London Stock Exchange at about 7/6.

The Inter-Continent Petroleum Corporation was organized in Delaware in 1916 as the Mexican Panuco Oil Company. Through subsidiaries the company owns 2,000 acres in the Panuco Oil Fields in Mexico and controls more than 8,000,000 acres in Central and South America. It owns the entire capital stock of the English Oil Company, which owns 2,000 acres in the Panuco district in Mexico. Arrangements have been made for the Trans-Continental Petroleum Corporation, a subsidiary of Standard Oil of New Jersey, to take over and work the properties, without producing, paying for oil at the well. It is further interested in the British Guiana Oil Fields, Ltd., and the British Guiana Oil Syndicate, Ltd., which holds concessions in British Guiana covering 2,000,000 acres in the northeast coast extending from the Venezuelan boundary to the Pomeroon River. It also owns 80% of the capital stock of the Cachavi Syndicate, which owns about 300,000 acres of land in the Province of Esmeraldas in the northwestern part of Ecuador, between Colombia and the Pacific Ocean. The capitalization consists of 5,000,000 shares of $5 par value, of which 973,233 have been issued and fully paid. The shares are listed on the New York curb market and are traded in on the London Stock Exchange and on the Brussels Bourse. Recent quotations were at the rate of $2 per share.

The Marland Oil Company, a Delaware corporation organized in 1920, owns 94.9% of the Consolidated Oil Company of Mexico, and 50% of the stock of the Comar Oil Company.

The Mexican Seaboard Oil Company was organized in Delaware in 1919 and owns over 99% of the capital stock of International Petroleum Company of Maine, which owns directly or through subsidiaries about 308,817 acres in various parts of Mexico, sea loading terminals at Cherrera on the Gulf of Mexico connected by pipe lines with producing properties in the Panuco region. The company's output in Mexico has steadily gone down, amounting to 3,765,982 barrels in 1927, against 7,148,552 in 1926 and 13,381,015 in 1925. Capitalization consists of 1,000,000 shares of no par value, and an authorized issue of $15,-000,000 of 7% 10-year debentures, of which $2,800,000 are outstanding, due for payment September 1, 1929. Shares of the company are quoted on the New York Stock Exchange.

The Ohio Oil Company was organized in 1887 under Ohio laws. It owns a 60% interest in the Ohio Mexico Oil Corporation, which was formed in 1926 to exploit properties in the State of Coahuila, Mexico.

The Penn-Mex Fuel Company was organized in 1912 in Delaware and controls 150,000 acres of oil-bearing properties in the State of Vera Cruz, Mexico. The Trans-Continental Petroleum Company, a subsidiary of Standard Oil of New Jersey, has arranged to drill wells on the company's properties; expenses and profits to be shared equally. Capitalization consists of 400,000 shares of $25 par value, a considerable part of which is owned by the South Penn Oil Company. Shares are listed in New York, reported around $30.

The Pierce Petroleum Corporation was organized in Delaware in 1924 to acquire, *inter alia*, refineries at Tampico and Vera Cruz, Mexico.

The Standard Oil Company of California controls the Richmond Petroleum Company of Mexico, organized in

Mexico; and the California Standard Oil Company of Mexico, organized in Delaware.

The Standard Oil Company of New York controls, *inter alia*, considerable area of prospective oil lands in the Panuco field in Mexico. Through a subsidiary, the General Petroleum Corporation of California, Standard of New York owns a topping plant at Tampico, Mexico, with water facilities on the Panuco River.

The South Penn Oil Company owns a controlling interest in the Penn-Mex Fuel Company, which operates in Mexico.

Texas Corporation owns 8,500 acres and refineries at Tampico with a daily capacity of 10,000 barrels.

The Rio Grande Oil Company of Delaware controls the Refineria Petrolera Occidental, S. A., which is not operating at present, existing only for the purpose of holding title to real estate in Mexico.

The Texas Corporation controls the Texas Company of Mexico, S. A. The Argentina subsidiary of the Texas Corporation is the Galena-Signal Oil Company, S. A. The Brazilian subsidiary is the Sociedade Anonima de Oleo Galena-Signal, also the Texas Company of South America. In Cuba the company operates through the Texas Company (West Indies), Limited. In Porto Rico, through the Texas Company of Porto Rico, Inc. The company's production in Mexico was 314,246 barrels in 1928, as compared with 386,819 in 1927. The Company's Colombian subsidiary has options on 428,644 acres of fee lands.

The Warner Quinlan Company of Maine owns 17,954 acres in the Panuco oil district of Mexico. It also owns and operates a loading terminal at Tampico, and 17½ acres of ground. On this property is a warehouse, pump station, two 55,000-barrel tanks, loading lines, etc.

Other American companies operating in Mexico include the following:

Port Lobos Petroleum Corporation;

Sinclair Consolidated Oil Corporation owns concessions on more than 1,000,000 acres. The company's Mexican

subsidiaries include: the Freeport and Mexican Fuel Oil Corporation and International Petroleum Company;

Gulf Oil Corporation controls a number of companies, including the Mexican Gulf Oil Company, the South American Gulf Company and the Panama Gulf Oil Company.

The Mexican Gulf Oil Company was incorporated with a nominal capital of $25,000. Production in 1928 amounted to 2,500,000 barrels, as compared with 3,210,110 in 1927, and 5,930,704 in 1926;

New National Oil Company;

Cities Service Company, which controls the Cities Fuel & Power Company, which in turn controls the Empire Pipe Company of Mexico.

The Mexican subsidiaries of Cities Service Company reported for 1928 a production of 3,668,816 barrels. Earnings for 1928 showed a decrease over 1927, largely because of lower oil prices. Cities Service is also distributing its products through dealers in Argentina, Paraguay, Brazil and Uruguay;

Imperio Gas & Combustion Company;

"Imperio" Terminal Company;

"Imperio" Oil Lands Company;

"Imperio" Pipe Line Company;

Gulf Coast Corporation;

Holden-Evans Steamship Company;

Lagunita Oil Company;

National Petroleum Company;

Southern Fuel & Refinery Company;

Sentinel Oil & Gas Company;

Island Oil & Transport Company, which controls the Capuchinas Oil Company;

Port Lobos Oil Company;

Gulf Consolidated Oil Corporation;

East Coast Oil Company, which is controlled by the Southern Pacific Railroad;

Otontepec Petroleum Company, controlled by the Mexican Investment Company;

Gulf States Oil & Refining Company;

Caltex Oil Company;

Mexican Producing & Refining Company;

The Ammex Petroleum Corporation has a capitalization of 400,000 shares of common stock, $5.00 par, and has interests, rights and properties near Vera Cruz and Tampico;

Continental Mexican Petroleum Company, controlled by the General Petroleum Company;

Hidalgo Petroleum Company;

Noco Mexican Oil Company, which is affiliated with the Noco Petroleum Company;

Inter-Ocean Oil Company;

Curyon Oil Company;

Tex-Mex Fuel Oil Company;

The Eastern Oil Corporation;

Boston-Mexican Petroleum Trust;

Boston-Mexican Leasing Company;

Ventura Consolidated Oil Fields;

Lewis Oil Corporation;

New York-Mexican Oil Company;

National Oil Company;

Kumfort Oil & Gas Company;

Mexican Oil Company;

Federal Oil Company;

Equity Petroleum Corporation;

Casiano Petroleum Company;

Sun Oil Company, S. A., controlled by the Mexican Sun Oil Company;

Producers Oil Corporation of Mexico, which controls the Tuxpan Oil Company.

Other Interests. Next to petroleum, American capital has gone heavily into Mexican mining.

The largest amount of American capital invested in Mexican mining enterprises is represented by the American Smelting & Refining Company, a New Jersey corporation organized in 1899. The company owns five smelting and refining plants in Mexico and two in South America; also the Mines Lines of Mexico and the Mexican Union

Railroad Company. The company's lead smelters are as follows:

AMERICAN SMELTING & REFINING COMPANY INTERESTS

	Daily Capacity (In Tons)	Furnaces
Monterey	1,300	7
Chihuahua	1,500	8
Asarco	500	3

The company's copper smelters are as follows:

	Daily Capacity (In Tons)	Furnaces
Aguascalientes	1,600	6
Matchuala	1,300	4
Velardena	750	3
San Luis Potosí	–	–

The company's zinc smelter is located at Rosita, Coahuila. The mines owned by the company, together with location and the nature of mines, are presented hereunder:

Name	Location	Metal
Asientos	Asientos	Silver
Dolores	Matehuala	Silver, copper
Bonanza	Bonanza	Silver, lead
Parral	Parral	Silver, lead, zinc
Sta. Eulalia	Sta. Eulalia	Silver, lead, zinc
Tecolotes	Sta. Barbara	Silver, lead, zinc
Veta Grande & Veta Colorado	Parral	Silver
Velardena	Velardena	Silver, lead, copper

Name	Location	Metal
Sierra Mojada	Sierra Mojada	Silver, lead, copper
Tiro General . . .	Charcas	Silver, lead, copper
Orizaba	Magistoal	– –
Prieta	Calera	– –
La Luz	Cordero	– –
Sta. Francisca . . .	Asientos	Copper
Guadelupe	Parral	– –
Durango	Durango	Iron
Jesus Maria . . .	Sierra Mojada*	– –

* Operated under lease from the Negociacion Minera da Jesus Maria.

The company's capitalization comprises $50,000,000 of preferred; $60,998,000 of common stock; and a funded debt of $37,782,100. Total assets amounted on December 31, 1928, to more than $233,000,000.

In August, 1929, the R. C. A. Photophone, a subsidiary of the Radio Corporation of America, incorporated the R. C. A. Photophone of Mexico, Inc., under the laws of Delaware for the purpose of distributing its products in that country. Capitalization is given as 1,000 shares of no par value.

The subjoined table presents as complete a list as possible of all other mining companies operating in Mexico, which are controlled by or affiliated with American interests.

UNITED STATES INVESTMENTS IN MINING COMPANIES

Name of Company	Common Stock	Affiliated with or Controlled by
Aguascalientes Copper Smelter .	–	Am. Smelting
Ahumada Lead	$1,192,018	– –
Cia. Minera de Plomo, S. A. . .	615,740	Ahumada
Cia. Minera la Corona, S. A. . .	–	– –
Cia. Minera Erupcion y Anexas, S. A.	–	Ahumada
Cia. del Ferrocarril de Chihuahua y Oriente	592,500	Ahumada

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Lamentation Syndicate	–	Ahumada
Ahumada Silver Mining	–	– –
Amajac Mines Co.	$2,500,000	– –
American-Mexico Mining & Developing Co.	3,000,000	– –
American Mining & Refining Co.	3,000,000	– –
Ampara Mining Co.	2,000,000	– –
Cia. Minera la Mazata y Anexas, S. A.	–	Ampara
Anita Copper Mines Co., S. A.	–	Douglas Copper Co.
Anita Hacienda	–	– –
Antimony Corporation	1,000,000	– –
Cortez Associated Mines	–	Antimony Corp.
Arados Copper Co.	–	– –
Arizona Dearborn Mining Co.	–	– –
Asientos Mining Co.	1,000,000	– –
Aventura Mines Co.	–	– –
Aurora Silver Mines Corp.	1,000,000	– –
Aztec Consolidated Mining Co.	500,000	– –
Cia. Minera Consolida Los Aztecos, S. A.	–	Aztec Cons.
Sonora Exploration Co.	–	Aztec Cons.
La Cobriza Mining Co.	–	Aztec Cons.
Bank Mining Co.	–	– –
Batopilas Mining Co.[1]	8,931,980	– –
Belen Cabriza Mines	–	– –
Blaisdell Coscotitlan Syndicate	–	– –
Boston Montezuma Mining Co.	1,000,000	– –
Buena Noche Mine	–	– –
Buffa Mining, Milling & Smelting Co.	1,500,000	– –
Butters Copala Mines	–	– –
Cadena de Cobre Mining Co.	1,000,000	– –
Calera Mining Co.	–	– –
California-Mexico Mining Co.	–	– –
California Mine	–	– –
Compañía Mine	–	– –
Canario Copper Co.	9,000,000	– –
El Canario Copper Co., S. A.	–	Canario Copper
Mountain Cons. Copper Co., S. A.	–	Canario Copper
Carmen Copper Co.	750,000	– –
Carmen Mines Co.	1,500,000	– –
Carnegie Lead & Zinc Co.[2]	2,000,000	– –

[1] Funded debt, $366,500.

[2] Funded debt, $244,000.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Calumet & Sonora of Cananea Mng. Co.	$12,500	Carnegie Lead
Cerro de Oro Mine	–	– –
Chihuahua Mining Co.	587,806	El Potosi
El Potosi Mining Co.	–	Howe Sound
Cieneguita Cons. Mines	–	– –
Cinco Minas Co.	500,000	– –
Cia. Cobre Mexicana	–	– –
Cia. de Minas Santa Ana y Anexas, S. A.	–	– –
Real del Monte y Pachuca Cia.	–	U. S. Smelting
Cia. de Minerales y Metales	2,500,000	American Metal
Cia. Minera de Penoles, S. A.	4,500,000	Cia. de Minerales
Cia. Exploradora de Chihuahua	–	– –
Cia. Exploradora de Santa Marta, S. A.	5,000[1]	– –
Cia. Exploradora de Sinaloa	–	– –
Cia. Ferrocarrillero y Min. de Azufre	–	Sulphur Mng. & Ref.
Cia. Metalurgica de Torreon, S. A.	2,000,000	Cia. Min. de Penoles
Cia. Metalurgica Mexicana[2]	1,750,000	– –
Sombrerete Mining Co.	–	Cia. Metalurgica
Mexican Lead Co.	–	Cia. Metalurgica
Montezuma Lead Co.	–	Cia. Metalurgica
Alvarez Lead & Timber Co.	–	Cia. Metalurgica
Mexican Mineral Railway Co.	–	Cia. Metalurgica
Potosi & Rio Verde Railway Co.	–	Cia. Metalurgica
Cia. Metalurgica Nacional	–	Am. Smelting
Cia. Minera de Palmarito	–	Barnsdall Corp.
Cia. Minera Paloma y Cabrillas, S. A.	–	Cia. Min. de Penoles
Sabinas Coal Mines	–	Cia. Min. Paloma
La Parena Metal Mine	–	Cia. Min. Paloma
Mosqueteros Mine	–	Cia. Min. Paloma
Cia. de Combustibles Aguijita, S. A.	–	Cia. Min. Paloma
Cia. de Combustibles Nacional y Transp.	–	Cia. Min. Paloma
Cia. Minera el Refugio, S. A.	–	Alvarado Mining
Cia. Minera el Sacramento, S. A.	–	– –
Cia. de Minas de Mexico, S. A.	–	Potter Palmer Estate
Cia. Minera Nayarit de Cananea, S. A.	25,000,000	– –

[1] Number of shares.

[2] Preferred stock, $2,250,000; funded debt, $2,774,700.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Cia. Minera Nazareno y Catasillas, S. A.	$2,000,000	– –
Cia. Minera Nazareno y Alicante, S. A.	–	Cia. Min. Nazareno
Cia. Minera San Pascual de las Adargas, S. A.	10,000,000	– –
Cia. Metalifera Coadoro	–	– –
Concheno Mining Co.	–	– –
Conchita Mining & Development Co.	500,000	– –
Consolidada No. 2 Lease	–	– –
Continental Mining Co.	1,000,000	– –
Jimulco Mining Co.	–	Continental Mining
Cepete Consolidated Copper Co.	1,000,000	– –
Melczer Mining Co.	25,000	Cepete Consolidated
Cori Gold Mines	711,206	– –
La Corona Mining & Milling Co.	100,000	– –
Cortez Associated Mines	25,000	– –
Cia. Minera del Cubo, S. A.	175,000	Cubo Mng. & Milling.
Cucharas Mining Co.	100,000	– –
Cusi Mexicana Mining Co.	2,600,000	– –
San Miguel Mining Co.	–	Cusi Mexicana
Cusi Mining Co.	–	Cia. Min. de Mirasol
De León Mining Co.	1,000,000	– –
Democrata Cananea Sonora Copper Co.	2,869,970	– –
Dinamita Mining Co.	–	– –
Dolores Esperanza Corp.	1,728,175	– –
Dolores Mines Co.	–	Dolores Esperanza
Consuelo Mining, Milling & Power Co.	–	Dolores Esperanza
Chihuahua Esperanza Gold Mining Co.	–	Dolores Esperanza
El Rayo Mines Co.	–	Dolores Esperanza
Creston Colorada Co.	–	Dolores Esperanza
La Dura Milling & Mining Co.	–	Dolores Esperanza
Cia. Minera Gloria y Fortuna Cons.	–	Dolores Esperanza
Duluth-Sonora Copper Co.	–	– –
Durazno Mining Co.	–	– –
El Paso Douglas Mining Co.	250,000	– –
Emeralda Parral Mining Co.	1,000,000	– –
Espada Mines Co.	–	– –
La Cia. Exploradora de Chihuahua	–	– –

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
El Favor Mining Co.	$3,500,000	– –
La Flor del Valle Mining Co.	200,000	– –
Fresnillo Co.[1]	1,554,500	– –
El Fuerte Mining & Smelting Co.	401,000	– –
Choix Consolidated Mining Co.	–	El Fuerte Mining
Los Platanos Mining Co.	–	El Fuerte Mining
General Mines Corp.	1,499,500	– –
Cia. Minera y Exploradora Azteca, S. A.	–	General Mines
Giroux Consolidated Mines Co.	144,142	Cons. Cop. M. of Nev.
Gulf Mining & Reduction Co.	–	Guggenheim Bros.
Great National Mexican Smelting Co.	–	– –
Greene Cananea Copper Co.	50,000,000	– –
Superior Bonanza Mining Co.	–	Greene Cananea
San Pedro Copper Co.	–	Greene Cananea
Guanajuato Cons. Mining & Milling	3,000,000	– –
Carmen Guanajuato Gold Mining Co.	–	Guanajuato Cons.
Guanajuato Reduction & Mines[2]	75,000	– –
Guatamo Lead Silver Co.	2,000,000	– –
Gueriguito Mining Co., S. A.	–	– –
Guerrero Development Co.	75,000	– –
Guggenheim Smelting Co.	–	– –
Gulf Copper Co.	1,000,000	– –
Harrison & Co.	65,000	– –
Hileta Gold & Silver Mining Co.	–	Harrison & Co.
Hermosa Mining Co.	300,000	– –
Humboldt Mining Co.	2,000,000	– –
Inde Gold Mining Co.	–	– –
Cia. Internacional Minera, S. A.	100,000	– –
International Mines & Development	2,400,000	– –
Neg. Minera de Jesus Maria, S. A.	–	Am. Smelting
Cia. Minera Jesus Maria y Anexas	–	– –
Jimulco Mining Co.	1,000,000	– –
Lane-Rincon Mines, Inc.[3]	3,000,000	– –
Cia. Minera Lepanto, S. A.	2,500,000	– –
Leuvia del Oro Gold Mining Co.	–	– –
Cia. Minera de Loteria	–	Am. Smelting
Lucia Mining Co.	25,000	San Luis Mining

[1] Preferred stock, $484,900; funded debt, $187,000.

[2] Funded debt, $2,800,000.

[3] Funded debt, $431,000.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Lucky Tiger Combination Gold Mining	$7,153,370	– –
Tigre Mining Co., S. A.	–	Lucky Tiger
Magistral Ameca Copper Co.	1,255,300	– –
Cia. de Cobre Magistral Ameca, S. A.	500,000	Magistral Ameca
Las Moras Copper Co.	–	Cia. de Cobre
Manhattan Exploration Co.	1,806,000	– –
Maria Mining Co.	500,000	– –
Compania Metalurgica Mexicana	40,000 [1]	American Smelting
Sombrerete Mining Co.	–	American Smelting
Mexican Lead Co. [2]	862,500	American Smelting
Mexican Mineral Railway Co.	–	American Smelting
Montezuma Lead Co.	–	American Smelting
Alvarez Land & Timber Co.	–	American Smelting
Potosi & Rio Verde Railway Co.	–	American Smelting
Metatas Mining Co.	200,000	– –
Mexia-Kan Mining Co.	60,000	– –
La Mexicana Mines Co.	–	– –
Mexican Candelaria Co. S. A.	1,500,000	– –
Mexican Mines Co.	500,000	– –
Mexican Northern Mining & Ry. Co. [3]	600,000 [1]	American Smelting
Alvarado Mining & Milling	–	Mexican Northern
Cia. Minera El Refugio	–	Mexican Northern
Hidalgo Mining Co.	–	Mexican Northern
San Juanica Mining Co.	–	Mexican Northern
Consolidacion Minera de Parral	–	Mexican Northern
Mexican Premier Mines	375,000	– –
Cia. Minera de San Jose, S. A.	–	Mexican Premier
Mexico Silver Mines Co.	2,000,000	– –
Caiman Mines, S. A.	–	Mexico Silver
Michoacan Ry. & Mining Co.	496,850	American Smelting
Michoacan & Pacific Ry. Co.	–	Michoacan Ry.
Cia. Minerales y Metales	1,250,000	American Metal
Las Truchas Iron Ore Co.	–	Bethlehem Steel
Montezuma Copper Co.	2,600,000	Phelps Dodge
Mololoa Mining Co.	3,000,000	– –
Monte Cristo Mining Co.	1,500,000	– –
Cia. Minera Monte Cristo	–	Monte Cristo

[1] Number of shares.
[2] Preferred stock, $1,250,000.
[3] Funded debt, $672,000.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Continued*

Name of Company	Common Stock	Affiliated with or Controlled by
Monte Cristo Mining Co. of Sonora	$500,000	– –
Monterey Mining, Smelting & Ref. Co.	3,000,000	Cia. de Minerales
Mosqueteros Mining Co.	1,500,000	– –
National Metallurgical Co.	–	American Smelting
Nacozari Consolidated Copper Co.	20,000,000	– –
Novidad Mines & Reduction Co.	1,000,000	– –
Novidad Development Co., S. A.	100,000	American Smelting
North American Development Co.	10,000,000	– –
North American Lead Corp.[1]	4,500,000	– –
El Orito Mining & Milling Co.	432,500	– –
Pasadena El Monte Silver Mines	300,000	– –
Cia. Minera de Penoles, S. A.	4,500,000	Cia. de Minerales
Cia. Minera Paloma y Cabrillas, S. A.	–	Cia. Min. de Penoles
Sabinas Coal Mines	–	Cia. Min. de Penoles
La Parrena Metal Mine	–	Cia. Min. de Penoles
Cia. Metalurgica de Torreon, S. A.	2,000,000	Cia. Min. de Penoles
Suriana Mining & Smelting Co.	–	Cia. Min. de Penoles
Jimulco Mining Co.	–	Cia. Min. de Penoles
Cia. Minera de Natividad y Anexas	–	Cia. Min. de Penoles
Inglaterra Mining Co.	–	Cia. Min. de Penoles
San-Toy Mining Co.	6,000,000	Cia. Min. de Penoles
Cia. Minera La Constancia	–	Cia. Min. de Penoles
Cia. Combustibles Aguijita, S. A.	–	Cia. Min. de Penoles
Cia. Minera y Beneficiadora de Norte	–	Cia. Min. de Penoles
Naica Mines of Mexico	–	Cia. Min. de Penoles
Candelaria Mining Co.	–	Cia. Min. de Penoles
Perla Mining Co.	1,500,000	– –
Pilares Extension Mining Co.	1,000,000	– –
Pinos Altos Mines Co.	200,000	Barnsdall Corp.
Pintas Mines Co.	2,500	Buffalo-Arizona Mines
Piquito Mining Co.	1,000,000	– –
Pittsburgh Bote Mining Co., S. A.	50,000	Carnegie Metals Co.
Pittsburgh Vetagrande Mining	150,000	Carnegie Metals Co.
El Potosi Mining Co.	60,000	Howe Sound
Chihuahua Mining Co.	–	El Potosi Mining
Promontorio Mines Co.[2]	250,000[3]	– –
Cia. Minera Explotadora de Promontorio, S. A.	–	Promontorio Mines

[1] Preferred stock, $500,000.

[2] Preferred stock, $310,000.

[3] Number of shares.

UNITED STATES INVESTMENTS IN MINING COMPANIES — *Concluded*

Name of Company	Common Stock	Affiliated with or Controlled by
Puebla Smelting & Refining Co.[1]	$5,000,000	– –
Cia. Real del Monte y Pachuca	2,554[2]	U. S. Smelting
Cia. de Minas Santa Ana y Anexas	2,000,000	Cia. de Real del Monte
U. S. Smelting, Ref. & Mng. Explor. Co.	50,000	U. S. Smelting
Arevalo Mines	1,250,000	U. S. Smelting
Reforma Mining & Milling Co.	–	Lewisohn Interests
La Regina Mining Co.[3]	1,000,000	– –
Revosadero Mining Co.	1,000,000	– –
Rio Plata Mining Co.	1,872,590	– –
San Cayetano Mines, Ltd.	256,950	General Dev. Co.
San Geronimo Mines & Metals Corp.	–	– –
San Luis Mining Co.	3,000,000	– –
Lucia Mining Co.	–	San Luis Mining
San Pablo Mining Co.	2,500,000	– –
Cia. Minera de San Patricio, S. A.	50,000	– –
Santa Eulalia Mining Co.	300,000	– –
Sinaloa Exploration & Dev. Co.	50,000[2]	– –
Sinaloa Power & Development Co.	1,425,000	– –
Smith Cananea Mining Co.	1,021,345	– –
Sonora Development Co.	500,000	– –
La Suerte Mining Co.	750,000	– –
Superior Bonanza Mining Co.	749,230	Cananea Consol.
Bonanza Mining Co., S. A.	–	Superior Bonanza
Tecolote Copper Corp.[4]	9,386,593	– –
Tecolote Copper Co., S. A.	–	Tecolote Cop. Corp.
Towne Securities Corp.	–	American Smelting
Towne Mines, Inc.[5]	40,000[2]	Towne Securities
Transvaal Cop. Mines Co. (Utah)	4,000,000	– –
United Mines Co.	2,500,000	– –
La Ventura Metals Co.	500,000	– –
La Ventura Mining Co., S. A.	1,500	La Ventura Metals
Washington Mines Development Co.	1,300,000	– –
Ysleta Sonora Mining Co.	50,000	– –

[1] Funded debt, $1,000,000.

[2] Number of shares.

[3] Funded debt, $62,000.

[4] Preferred stock, $554,220; funded debt, $1,000,000.

[5] Preferred stock, $4,000,000; funded debt, $1,250,000.

The Portrero Sugar Company of Delaware owns all the stock of the Cia. Manufacturera del Portrero in the state of Vera Cruz. Capitalization comprises 200,000 shares of common stock of no par value, and $2,000,000 first mortgage 7% bonds, due in 1947.

The Tabasco Plantation Company was organized in 1901 in Delaware to engage in the production of bananas and rubber and the refining of sugar. Properties are located at Santa Lucrecia, Vera Cruz, and are operated under lease by the Latin American Sugar Co., Ltd. Capitalization consists of $3,500,000 capital stock and $500,000 of first mortgage 7% bonds, due in 1943.

The Mexican Telephone and Telegraph Company belongs to the International Telephone and Telegraph Corporation system and had 32,000 telephones in service in 1928. The company's capitalization consists of 70,000 shares of common, 30,000 shares of 5% preferred, both of $10 par value, and 3,375 shares of $7 prior preference stock of no par value. There are also outstanding $1,500,000 10-year notes due in 1935.

Light and power plants in Mexico represent an investment of $103,043,536, according to a study prepared by the Bureau of National Statistics of Mexico. Of this sum, American capital has invested $37,758,192, British $11,684,134, Mexican $8,933,003, French $6,032,625. Canadian, German, Italian, Japanese and Spanish capital is also represented in this industry to a small extent.

The American & Foreign Power Company, Inc., reported gross earnings for the year 1928 of $1,653,744 from its Mexican public utility properties. The company's operating subsidiaries in Mexico supply electric power and light and other public utilities service in 89 communities, and also operate electric street railways in 6 communities. Important subsidiaries include the Tampico Electric Light, Power & Traction Company; the Puebla Tramway Light & Power Company, S. A.; the Central Mexico Light & Power Company; the Guanajuato Power & Electric Company; the Vera Cruz Electric Light, Power & Trac-

tion, Ltd.; and the Compañía de Electricidad de Merida, S. A. Total population of the territory served is estimated at 1,135,000. In April, 1928, American & Foreign Power acquired control of the Mexican Utilities Company through the acquisition of common stock, preferred stock and collateral gold bonds of that company in exchange for its $6 preferred stock. The Mexican Utilities Company had outstanding 35,000 shares of common stock, 30,812⅗ shares of $7 preferred stock, and $1,550,000 of 8% gold bonds due in 1955. The basis of the exchange was as follows: For each common share, 35/100 of a share of $6 preferred; for each preferred share, 75/100 of a share of $6 preferred; and for each $100 bond, 9/10 of a share of $6 preferred. As of September 30, 1928, 33,560 shares of common, 25,847.2 shares of preferred, and $1,367,600 of bonds had been acquired. In October, 1928, American & Foreign Power acquired from the Whitehall Electric Investments, Ltd., of London the electric power and light systems in Vera Cruz, Tampico, Puebla and Orizaba; street railway properties in Vera Cruz and Puebla; and wholesale power and light business in Cordoba. The Mexican properties are owned by Compañía de Luz Electrica Fuerza Motriz de Orizaba, S. A.; the Compañía Electrica de Tampico, S. A.; the Compañía Hidro Electrica; the Compañía Electrica de Cordoba, S. A.; the Puebla Tramway Light & Power Company; and the Vera Cruz Electric Power & Traction, Ltd. The capitalization of the Puebla Tramway Company consists of 65,000 shares of $100 par value. There are also outstanding $3,721,800 of prior lien gold 5% bonds, $3,123,500 of first mortgage 5% gold bonds, and £136,480 of 8% notes. The Vera Cruz Company is capitalized at 350,000 shares of £1 par value, and has outstanding £181,960 of first mortgage debentures due in 1960.

In December, 1928, American & Foreign Power made an offer to purchase at $125 a share the outstanding $10,000,000 of common stock of the Northern Mexico Power & Development Company, Ltd. The Guanajuato Power & Electric Company, which is controlled by the Mexican

Utilities Company, is capitalized at $3,500,000 of common stock, and $1,500,000 of 6% cumulative preferred stock, both of $100 par value. There are also outstanding $989,000 first mortgage 6% gold bonds due in 1932. The company controls the Central Mexico Light & Power Company, capitalized at 15,000 shares of common, and 9,000 shares of 6% cumulative preferred stock, both of $100 par value. Funded debt consists of $1,432,000 first mortgage 6% gold bonds due in 1940. The Guanajuato Company also controls the Michoacan Power Company, capitalized at 10,000 shares of common stock of $100 par value, and $535,100 of first mortgage 6% gold bonds due in 1937. The Northern Mexico Power & Development Company has outstanding, in addition to the $10,000,000 of common stock referred to above, 30,000 shares of 7% cumulative preferred stock of $100 par value, and $490,000 of first mortgage 7% gold bonds due in 1933.

In 1929, the National City Bank of New York established a branch in Mexico City with a capitalization of 550,000 pesos.

Details of Four States. In view of the disturbances which broke out early in 1929, reference to the extent and nature of American investments in the states most affected by the upheaval should be of especial interest. According to data furnished by the United States Department of State, American investments are heavier in four of the states which were wholly or partly in the hands of the revolutionists than in any other part of Mexico. These states are Sonora, where there are important copper mines; Vera Cruz, where Americans have invested in oil fields and banana plantations, and Chihuahua and Coahuila, where there is a great number of American cattle ranches. Although some of the companies mentioned hereunder have been briefly referred to above, the information is presented in somewhat greater detail and because of the official character of the data.

Reports emanating from Mexico are to the effect that Henry Ford had ordered suspension of plans for expansion

of the Assembly Plant in Mexico City, pending the study of proposals for new federal labor legislation.

The location of some of the most important American property in these areas follows:

In the State of Coahuila, the American Metals Company, 61 Broadway, New York, leases the Compañía Metalúrgica de Torreón, S. A., a lead smelting concern at Torreón, operating six blast furnaces, with a total investment of $2,500,000 and employing 900 men.

The Continental Mexican Rubber Company, with offices at 1,776 Broadway, New York, operates a rubber factory at Torreón employing 150 men and having a production of 225,000 pounds per month and a total investment of $350,000.

The Methodist Church (South) of Nashville, Tenn., maintains a hospital at Torreón with property valued at $60,000.

Otto Kahrnud of San Antonio, Texas, owns a copper mine at Jimulco, with an investment of $200,000.

Property in the State of Sonora includes:

The Montezuma Copper Company, owned by the Phelps Dodge Corporation, 99 John Street, New York, operates a mine at Nacozari valued at $16,000,000, which produces about 1,778,000 pounds of copper, 42,200 ounces of silver and 198 ounces of gold per month. It owns a power plant, hotel, office buildings, workmen's homes and has been operating continuously since 1899.

The Nacozari Railroad, owned by the Southern Pacific, operates about 100 miles of track between Douglas, Ariz., and Nacozari and is valued at $2,000,000.

El Tigre Mining Company, owned by the Lucky Tiger Mining Company of Kansas City, operates a copper, gold and silver mine at El Tigre, which is valued at $5,005,000 and which has a monthly output of more than 250,000 pounds of copper.

The Nacozari Consolidated Copper Company operates a copper and gold mine at the city of that name, valued at $1,000,000.

The San Pablo Mining and Milling Company has a $500,000 investment near Pilares de Nacozari which produces high-grade copper.

The Southern Arizona Edison Company supplies water, light and power to the population of Agua Prieta.

Three retail drug stores, owned by American druggists in Douglas, Ariz., are operated in Agua Prieta, Nacozari and Pilares de Nacozari.

The Transvaal Mine, owned by the Transvaal Copper Company of Salt Lake City, owns a mine at Cumpas which once was one of the most important mining properties of the district, but has not produced since 1919.

Ranch properties in the Aqua Prieta consular district are valued at about $250,000.

American property in the State of Jalisco includes:

An $8,000,000 investment by Morrison and McCall of San Antonio and St. Louis in the Compañía Hidro-Electrica Irrigadora del Chapala which operates lighting, heating and street car lines in the city of Guadalajara and vicinity.

American investments in ranches at Piedras Negras, Coahuila, total $1,902,500, while the coal producing properties of Americans there are valued at $16,975,000. They are owned by the American Metals Company, the American Smelting and Refining Company and Spencer Trask & Co.

The State of Chihuahua contains some of the largest cattle ranches in Mexico, most of them owned by American and British interests. Among these are the ranch at Madera, belonging to William R. Hearst, valued at $2,000,000; the Three Oaks Ranch of E. K. Warren & Son in the Galeana district, valued at $200,000; the Cudahy ranch at Ahumada, valued at $120,000; the Morris and Company ranch in northeast Chihuahua, valued at $300,000; the Palomas Land and Cattle Company's ranch at Palomas, valued at $600,000; the Corralitos Land and Cattle Company in Galeana, valued at $200,000; and the Grove ranch at Ahumada, valued at $425,000.

In addition, the holdings of small ranchers, chiefly in the

Galeana district of Chihuahua, are valued at $3,825,000, of which Mormon holdings alone total $2,900,000.

Other important properties in the State of Chihuahua are:

The Dolores Esperanza silver and gold mine, employing 300 men, near Madera, valued at $1,250,000.

The Ahumada Lead Company, employing 668 men, at Los Lamentos, valued at $1,900,000.

The Erupcion Mining Company, mining lead and some silver, at Los Lamentos, valued at $1,400,000.

Liquidation was ordered in August, 1929, of the Chihuahua Investment Company, which had operated for many years as a bank owned by J. B. Dale and associates, as a result of financial distress caused by the raid made by order of one of the Mexican generals. The Liquidation Committee reported that assets amounted to 1,699,659 pesos, and liabilities to 1,241,701 pesos. It is expected that certificates will be issued to the creditors for semi-annual payments, and that liquidation will be completed by July 1, 1931.

The Chihuahua y Oriente Railway operates 47 miles of track between Lucero and Los Lamentos, valued at $6,000.

The Mexico Northwestern Railway Company (partly Canadian) is valued at $37,500,000.

American property in Vera Cruz:

The Cuatotolapam Sugar Company, operating at the city of that name, valued at $1,500,000.

The Mexican American Fruit and Steamship Corporation, operating banana farms at El Hule and Santa Lucrecia, valued at $1,500,000, and one of the most important new industries established in Vera Cruz.

The Cuyamel Fruit Company, operating fruit farms near Vera Cruz, valued at $200,000.

The Jantha Plantation Company, operating banana farms at Tuxtepec, with an investment of $200,000.

The Mexican Cable Company operates cables to Galveston and New Orleans.

The Cruchilla sugar plant is valued at $300,000.

Nicaragua

An area of 49,500 square miles, of which 4,500 are covered by Lakes Managua and Nicaragua, and a population of 650,000 people make Nicaragua one of the largest republics in Central America.

The proposed Nicaraguan interoceanic canal would go through Lake Nicaragua connecting by way of the San Juan River with the Caribbean Sea. The right in perpetuity to construct this canal was accorded to the United States by a treaty signed in 1913.

The main industry is agriculture, and although 75% of the area could be made productive, only 5% is now under cultivation.

Bananas are the main product with a yearly output of about 5,000,000 bunches. Coffee is the most valuable export, with shipments of 30,000,000 pounds per year. Other products are sugar, tobacco, cacao and coconuts.

Gold and silver are mined in appreciable quantities.

Railways are a very unimportant means of transportation, only 183 miles being in operation with a 27-mile branch from Managua to Diriamba. Highway construction has not as yet been attended to but the waterways provide some measure of relief for the transportation of the products to the ports.

The United States takes over 50% of the exports and furnishes nearly 70% of the imports of the republic. The total trade is about $20,000,000.

Public Finance. Nicaragua is one of the countries whose finances have been under the supervision of United States authorities. A collector-general of customs has been in charge since 1911 and reports annually to the Secretary of State. The finances of the country have been frequently affected by revolutionary disturbances, which have resulted in claims against the Government. Nicaraguan public debt as of March 31, 1928, was made up as follows:

PUBLIC DEBT OF NICARAGUA

Bonds of 1909, outstanding £677,400	C$3,296,567.10
Guaranteed customs bonds 1918	2,372,000.00
Bonds of 1904, due 1929	30,000.00
Total bonded debt	C$5,698,567.10
Short-time note March 21, 1927	48,691.77
Debts and claims	17,788,808.59
Total public debt	C$23,526,067.46

The debt one year before on March 31, 1927, was given as $11,183,010. All elements of it decreased in that year, with the exception of the claims, which had increased by $13,778,000. The short-time note in the public debt was paid off and eliminated in April, 1928. The bonds of 1909 are an obligation under the English "Ethelburga" loan, which originally had a nominal loan value of £1,250,000. The guaranteed customs bonds of 1918 were issued to the amount of C$3,744,150 and are retired by sinking fund, a high commission appointed by the Secretary of State of the United States acting as fiscal agent.[1]

Since 1910 [2] Nicaraguan finances have been continuously complicated by the necessity for meeting claims due to revolutionary disturbances. The debts and claims amounting to nearly $18,000,000 appearing in the statement of the public debt above have not yet been adjudicated by a commission, and some of the claims will be met without being referred to the commission. In any case, the claims will, undoubtedly, be greatly reduced as a result of judicial review. The following table[3] shows the status of previous revolutionary claims and the extent of their reduction by commission awards:

[1] Nicaragua, *Report of the Collector-General for Customs*, 1927, p. 16.

[2] For details of Nicaraguan relations with the United States, see Isaac Joslin Cox, *Nicaragua and the United States*, World Peace Foundation Pamphlets, Vol. X, No. 7.

[3] William W. Cumberland, *Nicaragua. An Economic and Financial Survey*, p. 127.

CLAIMS

	Nicaraguan Mixed Claims Commission	Commission of Public Credit	Claims Commission of 1926
Number of claims	7,908	5,572	12,000
Amount claimed	$13,808,161	$13,578,314	$16,000,000
Amount awarded	$1,840,432	$5,304,386	$2,000,000[1]
Percentage awarded	13.33	39.06	12.5[1]

The National Bank of Nicaragua has been a frequent lender to the Government. Prior to 1924 the Government, owning 49% of the Bank's stock, received back almost half of the amount it had paid the bank in interest. Since 1924 the Government owns the entire capital stock. The National Bank keeps a reserve of $700,000 on deposit with New York banking interests, as well as a reserve of $2,000,000 to guarantee its currency. Against this gold reserve the American bankers keep $2,700,000 in Liberty bonds on deposit with the Federal Reserve Bank in New York. About one-third of the total amount of the Nicaraguan bank's funds are kept in what is known as the current account and are credited with 2½% interest. The remaining two-thirds are in a 31-day time account on which interest is paid to the Nicaraguan bank at the rate of 3½%. The American banks profit by the margin between these payments and the interest at which they can lend the money.

Until 1920, American bankers owned 51% of the stock of the Pacific Railroad of Nicaragua, purchased in 1912 for $1,000,000. In October, 1920, the stock was sold back to the Nicaraguan Government for $1,750,000.

The unit of Nicaraguan currency is the cordova, par $1.00, which was established in 1912. Exchange on New York is maintained at slightly below par.

[1] Estimated.

Investments. Kimber estimates the total foreign capital at $20,000,000.

The Cuyamel Fruit Co. has about $1,000,000 in banana holdings. The Standard Fruit Company (subsidiary of Vaccara Bros. of New Orleans) and the United Fruit Co. own about 500,000 acres, representing an investment of $8,000,000.

Other American interests include:

The Central American Exploration Co., which owns a gold mine and a concession of 4,000,000 acres covering the Coco River and its tributaries 400 miles up the river. The concession extends from Bocay to Guilili and includes dredging and hydraulic gravels and all mineral rights. The company was incorporated in 1918 in Delaware with 2,000 shares of $100 par value of which 1,860 shares are outstanding.

The Butters-Salvador Mines, Ltd., controls the Grecia Mining Company of Nicaragua.

The Continentales Mines, Ltd., owns mining properties in the Department of Chontales.

The Constancia Consolidated Mining Company organized in 1916 with $400,000 owns and operates gold mines in Nicaragua.

The Cuje Gold Mines is controlled by the Banner Consolidated Mines of California.

The La Luz and Los Angeles Mining Co. was organized in 1916 in Delaware to own and operate gold mines in Nicaragua.

In 1923, an American company signed a contract with the Nicaraguan Government for the exploration of petroleum fields covering about 500,000 acres for a period of 40 years. The Government is to receive 12½% royalty on the gross oil products, if the yield is not equal to or over 100,000 barrels per day, and 20% of the gross production exceeding that amount.

The Tonopah Mining Co. of Nevada controls the Tonopah Nicaragua Co., which owns the Santa Rita Copper Mines of Nicaragua, with an estimated investment of $1,000,000.

The Bonanza Mines Company was formed in 1923 to own and operate gold, silver, lead and zinc mines in Nicaragua, formerly operated by the Nicaragua Mining Company. Capitalization consists of $400,000 common stock.

The Pacific Railway or National Railway of Nicaragua is now owned by the Government, but still under American Management.

Bragman's Bluff Lumber Co. has, since 1923, a concession on 50,000 acres of Government land with the right to construct sawmills, wharves and railways.

J. McKinley of Kansas received an oil concession, for which a deposit of $50,000 was paid.

Keilhauer and Hebard of New York signed a contract in 1925 for a sanitation project and railway construction for $12,000,000.

Central American Corporation owns 24,000 acres of banana land and sugar cane.

A timber concession was given to Manuel Peña, an American citizen.

Other American interests include the Compañía Mercantil de Utramar; San Albino Mines; the Nicaragua Mahogany Co., a subsidiary of the Astor Mahogany Co.; the Friedlander Commission Co.; Central American Saw Mills; Nicaragua Mining Co.; Mengel & Co.; Nicaraguan Products Corp.; and Nicaragua Radio Company.

The Public Utilities Consolidated Corporation through its subsidiary, the Central American Power Corporation, acquired in 1928 the properties of the Managua Electric, Water & Ice Company through the issue of $1,000,000 of 6½% 20-year bonds.

Panama

The total area of Panama including the territory east and west of the Canal Zone aggregates 32,380 square miles. Panama has a population of 442,000, of whom 52,000 are whites.

The country is pre-eminently agricultural, the chief products including bananas, sugar, cacao, coffee, tobacco and rubber.

The means of transportation are unfavorable, being confined to local steamers, about 125 miles of modern highway, and a railway from Colon to Panama City.

Total trade amounts to about $40,000,000 annually, of which over 80% represents imports.

Most of the foreign trade is with the United States. Its imports from Panama, including shipments from the Canal Zone, are scarcely indicative of general conditions in the republic, because a large part of Panama's prosperity is derived from the tourist trade rather than from bananas, coconuts, ivory nuts and cacao, which constitute the major listed exports. Some 152,000 tourists visited the Isthmus in 1926–27, and this trade continues to flourish. Of our listed exports to Panama, it is estimated that some 40% actually goes to the Republic of Panama, some 35% to the Zone and to transient ships, and some 25% is transhipped at the Isthmus for other countries in Latin America. These exports have risen steadily from 1925 through 1928, showing a slight rise during 1928 to $34,200,000. The Government has recently appointed a well-known economist and banker as economic adviser to the republic.

Public Finance. The public debt of Panama is held largely in the United States, and was composed on January 1, 1928, as follows:

PUBLIC DEBT OF PANAMA

	Amount Outstanding
EXTERNAL DEBT:	
Secured gold loan of 1914, due 1944, 5%	$1,264,000
External sinking fund gold loan of 1923, due 1953, 5½%	4,304,000
External sinking fund gold loan of 1926, due 1961, 6½%	2,544,500
External sinking fund gold loan of 1926, due 1956, 6½%	2,170,000
Total external debt	$10,282,500
INTERNAL DEBT:	
Funded	$454,167
Floating	2,500,000
Total internal debt	$2,954,167

The internal debt includes a 6% 15-year 1923–38 loan of $150,000 by the United Fruit Company.

The floating debt has been contracted for paving, sewerage and water systems in the cities of Panama and Colon, and for work done by the United Fruit Co. at Almirante.[1]

The external loan of 1914 was used for the construction of the Chiriqui Railroad. The loan of 1926–61 was used for extension of the Chiriqui Railroad, and for a wharf at Puerto Armuilles. The proceeds of the 1925–56 loan were used for the construction of national highways, an aqueduct in Bocas del Toro, extension of the Chiriqui Railroad to Puerto Armuilles, and for retirement of the outstanding balance of the internal loans.

On March 22, 1928, the Panama National Assembly authorized a new loan of $16,000,000 to be applied to consolidation of the total outstanding foreign debt loan and to highway construction.

On August 5, 1929, it was announced that the President of the Republic of Panama had appointed a commission to investigate the investment of $6,000,000 of Government money in the United States, which was part of the sum received for rights to the Canal Zone under the treaty with the United States. The constitution of Panama provided for its investment in the United States, or its deposit in a United States bank. Soon after the founding of the Government, the money was placed in the hands of New York agents, but, according to a Panama paper, the investment of this fund was not entirely satisfactory. One reason for the deposit of this amount with the United States was to guarantee the parity of Panama silver coins which were shipped out and sold during the war, when the price of silver was at a premium. At present, Panama has no national currency, except small coins amounting to $500,000, and it appears that the present move is only to determine the character of the investment.

Investments. The investment of the United States in the Canal and the Canal Zone was, in 1927, $388,000,000, of which $113,000,000 is carried as chargeable to national defense and $275,000,000 as chargeable to commercial use.

[1] Kimber's Record of Government Debts (1928).

Private American investments in the republic include those made by the United Fruit Company which operates 270 miles of railroad, valued at $3,587,373, and which owns 45,200 acres of improved and 80,000 acres of unimproved lands for plantations. The holdings were valued at $7,393,000 in 1917.

The Chiriqui Land Company is expected to expend about $8,000,000 on its plantations located in the Chiriqui Province, Republic of Panama. It is also estimated that $4,000,000 will be expended on the Tonosi development in the province of Los Santos. Plans are on the way for the establishment of a small ferry with a capacity of 30 automobiles across the Pacific entrance of the canal, the matter being handled by the Canal Zone authorities. Since May, 1927, the Government has expended nearly $671,000 on the highway from the bridge across the Tapia River to Chepo.

The American and Foreign Power Co. controls the Panama Power and Light Co. which in turn controls the Panama-Colon Gas Company and the Compañía Panamena de Telefonos. It also owns all the securities of the Panama Electric Company which supplies electric railway service in Panama, Balboa and Las Sabanas. Total population of the territory served is estimated at 138,000. The capitalization consists of 600,000 shares of common, 30,000 shares of $3 cumulative preferred, and 30,000 shares of $3 cumulative second preferred, all of no par value. There are also outstanding $5,000,000 of 6% debentures, due in 1947. The company is controlled through ownership of all its second preferred and common stocks by the Panama Power & Light Corporation. The latter was organized in 1917 in New York with 200,000 shares of common stock of no par value and 15,000 shares of 7% preferred of $100 par value. There are also outstanding $2,750,000 of 6% gold debentures, due in 1967.

In the course of 1929, the First National Bank & Trust Company was opened in the city of Panama, organized jointly by Latin American and North American interests,

and operating under the laws of the Republic of Panama. Capitalization consists of 100,000 shares of $100 par value, and surplus of $300,000. The new company is affiliated with the Pan American Trust Company, with a paid-in capital of $273,800.

The Sinclair Panama Oil Corporation, subsidiary of the Sinclair Consolidated Company, has a concession to explore 11,000,000 acres, with the right to select and retain 1,280,000 acres.

The Panama Railroad's property, with mileage of 136, is estimated at $7,000,000, the stock being held by the United States Government.

The Di Giorgio Fruit Company has 65,000 acres for banana plantations.

The Gatun-Lake Banana Company owns 2,500 acres, of which 750 acres are under cultivation.

Other interests include the Pacific Fruit Company, the Panama Products Company, the Panama Sugar Company, the Pan-American Fruit and Sugar Company, and All America Cables, Inc.

Americans also own mining rights in 7,500 acres and are building their own roads.

The Hyatt Panama Manganese Company, also controlled by American interests, owns manganese deposits near Colon, and operates its own railroad.

Americans have received a 10-year concession for mines, timber tracts, waterways and permission to build roads, telephones, telegraphs and tramways.

The Panama Gulf Company, a subsidiary of the Gulf Oil Corporation of Pennsylvania, was organized in Delaware in 1920 with a capitalization of 1,000 shares of $25 par value. It owns acreage in the Republic of Panama and other Central American states.

The Texas Company also has been granted valuable rights and is operating through the Carib Syndicate of Maine.

American capital invested in Panama amounted in 1913 to $5,000,000. Subsequent investments are detailed below:

UNITED STATES INVESTMENTS IN PANAMA

Securities	Amount Issued	Price
1914		
Panama 5's, 1944	$3,000,000	98½
1915		
Panama 5's, 1925	1,200,000	–
1916		
Panama 5's, 1928	1,200,000	–
1923		
Panama 5½'s, 1953	4,500,000	97½
1925		
Panama Mortgage Bank 6's	1,000,000	100½
1926		
Panama 6½'s, 1961	2,600,000	103
Panama 6½'s, 1956	2,200,000	103
1927		
Panama City 6½'s, 1942	500,000	100
Panama National Bank 6½'s, 1947	1,000,000	101½
Chiriqui Land Co.	5,000,000	–
Ford Motor Company	100,000	–
1928		
Panama 6½'s, Series "C"	1,000,000	–
Panama 5's, 1963	6,218,913	96¾
Panama Gold Dredging Co.	1,500,000	–
1929		
Banco Nacional 20-yr. bonds 6½'s, Series D	500,000	99.5
Fideicomiso Panama-Americana	940,000	23.5

Porto Rico

With a population of 1,440,300, of which 948,709 are whites and 301,816 mulattoes, Porto Rico occupies an area of 3,435 square miles. Under the constitution of 1917, the island is governed by the United States, the governor being appointed by the President of the United States. A resident commissioner to the United States is elected by the

people and represents Porto Rico in the United States Congress.

Porto Rico is pre-eminently agricultural, sugar constituting the principal product. Mineral deposits include nickel, gold, silver, copper and salt, the last named being especially important.

Shipments from continental United States to Porto Rico, which account for nearly 90% of the island's imports, after showing a steady increase from 1925 through 1927, declined 5% during 1928 as compared with the previous year, the value being $81,981,000. Shipments to continental United States from Porto Rico during 1928 were $97,269,000, somewhat above the level of the previous year, which in turn showed an improvement over 1925 and 1926.

The storm of September, 1928, occasioned a considerable absolute economic loss in the devastated area, the total of which has been computed officially at some $85,000,000. A large part of this corresponds to enterprises in the island owned by investors in continental United States, so that the direct loss to the Porto Ricans themselves will be far less heavy than the estimate would indicate.

The United States Army has a 999-year lease on about 12 acres of land at San Geronimo, in Porto Rico, valued at about $500,000. It is contemplated to spend an additional $2,000,000 to rebuild army property destroyed by the hurricane in September, 1928.

All foreign bonds of Porto Rico, as well as those of Porto Rican municipalities, have been issued in the United States and are exempt from all Porto Rican as well as from United States federal, state and other taxation, except estate and inheritance taxes. The amount of Porto Rican bonds held in the United States is placed at about $35,000,000.

About two-fifths of all the sugar of the island is produced by American controlled companies comprising the following:

AMERICAN SUGAR COMPANIES IN PORTO RICO

Name of Company	Common Stock	Preferred Stock	Funded Debt	Affiliated with or Controlled by
Central Aguirre Sugar Co.	$3,600,000	–	–	– –
Luce & Co., S. en C.	–	–	–	Central Aguirre
Central Machete Co.	800,000	–	–	Luce & Co.
Santa Isabel Sugar Co.	1,620,000	–	–	Central Aguirre
Ponce & Guayama Railroad Co.	500,000	–	–	Central Aguirre
Fajardo Sugar Co.	6,477,800	–	$679,000	– –
Fajardo Sugar Growers Association	–	–	–	Fajardo Sugar
Fajardo Development Co.	–	–	–	Fajardo Sugar
Loiza Sugar Co.	–	–	–	Fajardo Sugar
South Porto Rico Sugar Co.	17,872,990	$5,000,000	3,581,000	– –
Russell & Co., S. en C.	–	–	–	– –
United Porto Rican Sugar Co.	5,737,020		3,500,000	– –
United Porto Rican Sugar Co. of P. R.	–	–	–	United Porto Rican
Juncos Central Co.	–	–	–	United P. R. Sugar of P. R.
Central Pasto Viejo, Inc.	–	–	–	United P. R. Sugar of P. R.
Caguas Sugar Co.	–	–	–	United P. R. Sugar of P. R.
Central Cayey, Inc.	–	–	–	United P. R. Sugar of P.R.
Central Santa Juana	–	–	–	United P. R. Sugar of P. R.
Central Coloso, Inc.	750,000	1,087,600	892,237	– –
Central Eureka, Inc.	120,000	–	–	– –
Central Juliana, Inc.	98,750	75,000	–	– –
Central Victoria, Inc.	600,000	–	400,000	– –
El Ejemplo Sugar Co.	1,000,000	–	–	– –
Magayez Sugar Co.	250,000	–	–	– –

The Porto Rico Telephone Company belongs to the International Telephone and Telegraph Corporation system and had over 12,000 telephones in service in 1928. Capitalization consists of 12,000 shares of common stock and 2,518 shares of 8% preferred stock, both of $100 par value. There are also outstanding $760,500 of first mortgage 6% bonds, due in 1944.

Most of the railways on the island are controlled and exploited by the American-controlled sugar companies. The same applies also to a large extent to the public utility concerns, including the Porto Rico Gas & Coke Company, which supplies gas to San Juan, serving a population of 85,000. The company was organized in 1922 in Delaware with 2,500 shares of common of $25 par value and 5,000 shares of 6% preferred of $100 par value. There are also outstanding $494,500 of first mortgage 6% bonds, due in 1952. The company is controlled by the Islands Gas & Electric Company.

The Cuba Distilling Company, controlled by United States Industrial Alcohol, owns all the stock of the Porto Rico Mercantile Company.

Other American interests include the Universal Leaf Tobacco Company, the Minute Tapioca Company of Massachusetts, the National City Bank branches and the steamship companies.

The Porto Rican American Tobacco Company, organized in 1899 under the laws of New Jersey, controls through stock ownership the Porto Rican American Tobacco Company of Porto Rico, which was incorporated in 1919 with $10,000,000, of which $6,860,000 has been issued, all of which is owned by the New Jersey corporation. The properties consist of two factories for the manufacture of cigars and cigarettes and one box factory in San Juan; seven cigar factories; and three additional factories having a combined capacity of over 250,000,000 cigars and 500,000,000 cigarettes annually. Another subsidiary, the New York & Tampa Cigar Company, acquired in 1921 the business of M. Alvarez & Company and the Industrial

Company of Porto Rico. The company further controls the Porto Rican Leaf Tobacco Company, organized in 1921, with $500,000 capital stock.

The Texas Company was incorporated in Porto Rico in 1919 as a subsidiary of the Texas Corporation. Capitalization consists of 1,000 shares of $100 par value.

Among the public issues in the United States have been:

Securities	Amount Issued
1914	
Porto Rico Tel. Co. 6's, 1944	$600,000
1921	
Porto Rico American Tobacco Co. 8's, 1931	3,000,000
1929	
People of Porto Rico 4½'s, 1954	320,000 [1]
Fojardo Sugar Co.	8,500,000
Central Aguirre Sugar Co.	6,000,000

Salvador

Salvador is the smallest Central American republic, having an area of 13,176 square miles and a population of 1,680,000.

Of the population, 20% is pure Indian, mostly small farm owners, who cultivate their own lands intensively with a sufficient supply of manual labor. The main crop is coffee, of which 75% is raised on small properties, owned by the population. The annual coffee crop is about 90,000,000 pounds.

Sugar, cotton, indigo and henequen, corn and balsam are also raised, but to a large extent for domestic use.

The United States furnishes 60% of the total imports, but receives only 30% of the total exports, France and Germany being the principal importers of Salvador's coffee.

Public Finance. Prior to 1921, when a default occurred, all loans of Salvador were floated in Great Britain. A loan

[1] Price to public, $102,430.

contract of June 24, 1922, as modified on January 5 and September 28, 1923, created three series of bonds to effect a settlement of Salvador's external and internal debts by means of successive liens on customs revenues, of which 70% are directly applicable to paying the interest and sinking fund requirements. The first loan under this agreement was the $6,000,000 Series A 8% 1948 bonds, which were issued in the United States after the Department of State had consented to arrange for arbitration of disputes and to nominate a receiver in case of default. Series B bonds were £1,050,000 6% due 1957, and Series C were $10,500,000 7% bonds due in 1957, of which $6,500,000 was issued in Salvador in 1923. The remainder of $4,000,000 was issued in 1924 and 1926. Service on the dollar bonds is effected through a fiscal representative of the interested United States banking companies resident in San Salvador, who remits funds to New York. A series of treasury certificates was sold in New York amounting to $1,800,000, as follows:

$1,000,000 three-year certificates, 8%, 1925, to New York bankers;

Five-year certificates amounting to $437,500, maturing in 1930, to the International Railways of Central America;

Six-year certificates for $62,500, maturing in 1930, to the International Railways of Central America;

Six-year certificates for $30,000, maturing in 1930, to R. W. Hebard & Company.

The proceeds of the refunding loans and of the treasury certificates issued in 1926 for the paving of the city of San Salvador were about as follows: [1]

Series A, for $6,000,000	$5,433,333
Series B, for £1,050,000	5,250,000
Series C, for $10,500,000	10,500,000
Treasury certificates, 1926	1,800,000
	$22,983,333

[1] Kimber's Record of Government Bonds (1928).

This amount was applied as follows:

Conversion of sterling loans	$5,250,000
For public works	4,232,500
Railway subsidies in arrears	2,352,084
Interest arrears on sterling loans	783,211
Payment of floating indebtedness and expenses in connection with loans	10,365,538
	$22,983,333

The public debt as of December 31, 1927, was composed as follows: [1]

PUBLIC DEBT OF SALVADOR, 1927

EXTERNAL DEBT	
Custom Lien S. F. Loans:	
Series A, 8%, 1948 ($6,000,000)	$4,859,500
Series B, 6%, 1957 (£1,050,000)	4,739,618
Series C, 7%, 1957 ($10,500,000)	9,874,300
Treasury certificates, 1926, 8%	1,800,000
Bank loan, 1927	250,000
Total external debt	$21,523,418
INTERNAL DEBT	
Funded:	
Salvador bonds of 1899	$276,496
Interest on above	168,146
Floating:	
Deposits	105,397
Budget arrears	532,637
Due banks and others	1,643,906
Total internal debt	$2,726,582
Total public debt	$24,250,000

The unit of currency in Salvador is the colon, par $0.50, established by the monetary law of September, 1919. It maintains about par on foreign exchange.

[1] James C. Corliss, *Latin American Budgets*, Part IV, p. 51 (Department of Commerce, Trade Information Bulletin, No. 564).

Investments. The International Railways of Central America owns 158 of the 252 miles of railway,[1] and in 1929 completed 138 additional miles.

Central American Mines, Inc., was organized in 1923 under the laws of Delaware to acquire the assets of El Salvador Silver Mines Co. It owns $750,000 capital stock of the Butters-Divisadero Co. of California; $51,750 of the Butters-Potosi Consolidated Mines of Nevada; and $476,287 of the Monte Mayor Mines of Delaware. The company owns and operates gold and silver mines in Salvador.

R. W. Hebard & Co. constructed the sanitary works at San Salvador.

The Occidental Bank, capital $5,000,000, was organized by San Francisco commercial interests.

Butters Salvador Mines, Ltd., owns properties (including the San Sebastian Mine) amounting to 546 acres of gold-bearing lands located near Santa Rosa. The company was originally English but was taken over by Canadian interests in 1912 and maintains New York offices. It is capitalized at $750,000.

The San Salvador Electric Light Co., controlled by International Power, Ltd., a Canadian company in which American capital is interested, operates light and power services in San Salvador and 16 adjoining municipalities.

In 1913 America's total investments in Salvador amounted to $3,000,000. They have since grown to over $43,000,000. Salvadorean issues placed in the United States within recent years are detailed hereunder:

[1] Robert W. Dunn, *American Foreign Investments* (1926), p. 117.

Securities	Amount Issued	Price
1923		
Salvador 8's, 1948	$6,000,000	100
International Telephone & Telegraph Co. .	2,000,000	–
1924		
Salvador 7's, Series "C," 1957 . . .	250,000	80½
1926		
Salvador 6½'s, 1929	520,000	99¾
Salvador 8's, 1932	300,000	–
Salvador 7's, Series "C," 1957 . . .	1,000,000	92
1927		
Salvador 1 year treasury notes 9% . . .	250,000	–
Int. Railways of C. A. 6½'s, 1947 . . .	7,500,000	92
Int. Railways of C. A. 5's, 1972 . . .	300,000	80
1928		
Int. Railways of C. A. 5% Pfd. . . .	3,000,000	80½

Island of Trinidad

American investments in Trinidad approximate $4,0[illegible] 000, largely by the General Asphalt Company. This com- pany owns the entire capital stock (£500,000) of the New Trinidad Lake Asphalt Co., Ltd., which in turn owns a concession expiring in 1930 from the British Government to the asphalt lake in the Island of Trinidad, giving it exclusive rights of exploitation on the payment of $1.60 a ton royalty and the export tax. The lake covers about 114 acres, and borings in the center to the depth of 156 feet have not reached the bottom of the asphalt. In addition, the company owns, in fee, 3,068 acres surrounding Trinidad Asphalt Lake, containing overflow or land asphalt. These holdings are understood to have been increased by 1,850 acres of crown oil lands and oil rights under former crown lands granted in connection with a new mining lease of the asphalt lake which was executed on February 15, 1925. By this lease the company acquired the exclusive right to

mine and ship asphalt from the lake until 1951. The company operates a refining plant of 450 tons daily capacity.

The Trinidad Lake Asphalt Operating Company, Ltd., a subsidiary of General Asphalt Company, was organized in Trinidad in 1925 with a capitalization of 500,000 shares of £1 par value.

Through the Barber Asphalt Co., which is controlled by the General Asphalt Co., the latter owns Trinidad Lake Petroleum Co., Ltd., with a capitalization of £200,000 and the Petroleum Development Co., organized in 1910 under the laws of Trinidad, capitalized at £20,000. The development company has a 21-year lease, from August 24, 1915, from the Government of Trinidad to 2,000 acres of oil-bearing land south of Brighton. It also owns a power plant and pipe lines.

The Trinidad Lake Petroleum Co., Ltd., a subsidiary of General Asphalt Company was organized in Trinidad in [illegible]10. It has a lease from the New Trinidad Lake Asphalt Co. to bore for and produce Petroleum on 3,068 acres, the lease expiring December 31, 1958. It also owns refineries, power plants and pipe lines.

In 1926, American bankers, in conjunction with British interests, organized the Trinidad Oilfields, Inc., with a capitalization of 300,000 shares of no par value. At about the same time, the Trinidad Oil Syndicate was incorporated in Delaware, with a capitalization of $300,000.

The Kern Trinidad Oil Fields, Ltd., a subsidiary of the Kern River Oil Fields of California, Ltd., was organized in 1920 with a capitalization of 500,000 shares of £1 par value. The company owns 5,244 acres in Trinidad, B. W. I., with an average daily output of 800 barrels.

The C[illegible]ric Company, a subsidiary of the Pan American Petroleum and Transport Company, was organized in New York in 1[illegible]1 with an authorized capitalization of 12,500 shares at [illegible]00 par value and 7,500 shares of preferred stock also of $100 par value. There are outstanding 8,620 shares of common and 4,000 shares of preferred.

The Bermudez Company, a subsidiary of General Asphalt Company, was organized in New Jersey in 1910 with a capitalization of 1,000 shares of $100 par value.

United States trade with Trinidad and Tobago in 1927 amounted to $13,390,000 and to $14,390,000 in 1928. The increase was entirely due to growing petroleum shipments, United States imports having increased 30% from $7,461,000 to $9,674,000, while the exports decreased 20%, from $5,929,000 to $4,716,000.

APPENDIX I

I. UNITED STATES–LATIN AMERICAN COMMERCE 1913

1. South America

	Imports	Exports	Imports from United States	Exports to United States
Argentina .	$492,456,000	$515,220,000	$72,458,000	$24,402,000
Bolivia .	21,319,000	36,488,000	1,574,000	218,000
Brazil .	324,010,000	315,737,000	50,910,000	101,803,000
Chile . .	120,274,000	142,802,000	20,089,000	30,413,000
Colombia .	27,571,000	33,155,000	7,372,000	14,743,000
Ecuador .	8,851,000	15,810,000	2,822,000	3,840,000
Paraguay .	7,893,000	5,473,000	480,000	11,000
Peru . .	29,043,000	43,584,000	8,373,000	14,469,000
Uruguay .	52,825,000	71,900,000	6,727,000	2,902,000
Venezuela .	19,677,000	28,777,000	7,684,000	9,850,000
Total .	$1,103,912,000	$1,208,946,000	$178,489,000	$202,651,000

2. Central America (including Cuba, Mexico and West Indies)

	Imports	Exports	Imports from United States	Exports to United States
Costa Rica .	$8,685,000	$10,322,000	$5,241,000	$4,516,000
Guatemala .	10,062,000	14,450,000	5,053,000	3,923,000
Honduras .	5,133,000	3,181,000	3,457,000	2,765,000
Nicaragua .	5,770,000	7,712,000	2,722,000	3,244,000
Salvador .	6,099,000	9,411,000	2,407,000	2,677,000
Panama .	11,060,000	5,383,000	6,065,000	4,801,000
Cuba . .	140,133,000	164,070,000	75,288,000	131,187,000
Haiti . .	8,100,000	11,316,000	5,909,000	1,000,000
Mexico .	97,495,000	149,602,000	48,449,000	115,554,000
Dominican Republic .	9,272,000	10,470,000	5,832,000	5,630,000
Total .	$301,809,000	$385,917,000	$160,423,000	$275,207,000
Grand Total	$1,405,721,000	$1,594,863,000	$338,912,000	$477,948,000

II. UNITED STATES INVESTMENTS IN LATIN AMERICA 1913

1. South America

	Amount	Per Cent of Total	Trade Balance with United States
Argentina	$40,000,000	3.22	−$48,056,000
Bolivia	10,000,000	.80	−1,356,000
Brazil	50,000,000	4.02	+50,893,000
Chile	15,000,000	1.21	+10,324,000
Colombia	2,000,000	.16	+7,371,000
Ecuador	10,000,000	.80	+1,018,000
Paraguay	3,000,000	.32	−369,000
Peru	35,000,000	2.82	+6,096,000
Uruguay	5,000,000	.40	−3,825,000
Venezuela	3,000,000	.24	+2,166,000
Total	$173,000,000	14.00	+$24,262,000

2. Central America (including Cuba, Mexico and West Indies)

	Amount	Per Cent of Total	Trade Balance with United States
Costa Rica	$7,000,000	.56	−$725,000
Guatemala	20,000,000	1.61	−1,130,000
Honduras	3,000,000	.24	−692,000
Nicaragua	3,000,000	.24	+1,522,000
Salvador	3,000,000	.24	+270,000
Panama	5,000,000	.40	−1,264,000
Cuba	220,000,000	17.70	+55,899,000
Haiti	4,000,000	.32	−4,909,000
Mexico	800,000,000	64.36	+67,105,000
Dominican Republic	4,000,000	.32	−202,000
Total	$1,069,000,000	86.00	+$115,874,000
Grand Total	$1,242,000,000	100.00	+$140,136,000

III. UNITED STATES–LATIN AMERICAN COMMERCE 1927

1. South America

	Imports	Exports	Imports from United States	Exports to United States
Argentina	$827,103,000	$971,980,000	$163,350,000	$96,961,000
Bolivia	22,743,000	43,704,000	6,561,000	3,665,000
Brazil	387,542,000	431,464,000	111,186,000	199,363,000
Chile	129,510,000	203,943,000	38,440,000	64,381,000
Colombia	121,818,000	124,324,000	48,716,000	87,803,000
Ecuador	9,451,000	12,763,000	5,531,000	5,193,000
Paraguay	11,535,000	13,754,000	2,142,000	95,000
Peru	69,056,000	109,277,000	29,241,000	31,776,000
Uruguay	85,130,000	97,970,000	25,794,000	7,574,000
Venezuela	75,723,000	76,155,000	34,743,000	28,598,000
Total	$1,739,611,000	$2,085,334,000	$465,704,000	$525,409,000

2. Central America (including Cuba, Mexico and West Indies)

	Imports	Exports	Imports from United States	Exports to United States
Costa Rica	$16,311,000	$18,058,000	$8,199,000	$5,942,000
Guatemala	22,685,000	33,951,000	10,006,000	14,461,000
Honduras	10,630,000	17,546,000	8,487,000	9,311,000
Nicaragua	10,208,000	9,025,000	6,778,000	5,016,000
Salvador	14,864,000	14,152,000	6,876,000	1,545,000
Panama	14,516,000	3,905,000	10,015,000	3,553,000
Cuba	257,384,000	322,705,000	159,056,000	255,192,000
Haiti	15,751,000	15,299,000	11,071,000	1,247,000
Mexico	163,589,000	294,700,000	109,152,000	137,815,000
Dominican Republic	27,784,000	31,179,000	18,483,000	10,032,000
Total	$553,722,000	$760,520,000	$348,123,000	$444,114,000
Grand Total	$2,293,333,000	$2,845,854,000	$818,827,000	$969,523,000

IV. GROWTH OF LATIN AMERICAN TRADE

(In thousand dollars — ,000 omitted)

1. South America

	Total Trade			Trade with United States		
	1927	1913	Increase in Per Cent	1927	1913	Increase in Per Cent
Argentina	$1,799,083	$1,007,676	43.97	$260,311	$96,860	168.75
Bolivia	66,447	57,807	14.95	10,226	1,792	470.65
Brazil	819,006	639,747	28.02	310,549	152,713	103.36
Chile	333,453	263,076	26.76	102,821	50,502	104.65
Colombia	246,142	60,726	309.02	136,519	22,115	520.02
Ecuador	22,214	24,661	9.92	10,724	6,662	60.97
Paraguay	25,289	13,366	89.20	2,237	591	278.51
Peru	178,333	72,627	145.56	61,017	12,842	375.14
Uruguay	183,100	124,725	46.80	33,368	9,629	246.55
Venezuela	151,878	48,457	213.43	63,341	17,534	261.25
Total	$3,824,945	$2,312,858	65.38	$991,113	$381,140	160.04

2. Central America (including Cuba, Mexico and West Indies)

	Total Trade			Trade with United States		
	1927	1913	Increase in Per Cent	1927	1913	Increase in Per Cent
Costa Rica	$34,369	$19,007	80.82	$14,141	$9,757	44.93
Guatemala	56,636	24,512	131.12	24,467	8,976	172.58
Honduras	28,176	8,314	239.30	17,798	6,222	186.05
Nicaragua	19,233	13,482	42.66	11,794	5,966	97.69
Salvador	29,016	15,510	87.08	8,421	5,084	65.64
Panama	18,421	16,443	12.03	13,568	10,866	24.87
Cuba	580,089	304,203	91.96	414,248	206,475	103.89
Haiti	31,050	19,416	59.92	12,318	6,909	78.29
Mexico	458,289	247,097	85.50	246,967	164,003	50.59
Dominican Republic	58,963	19,742	198.67	28,515	11,462	148.78
Total	$1,314,242	$687,726	91.10	$792,237	$435,720	81.82
Grand Total	$5,139,187	$3,000,584	71.28	$1,783,350	$816,860	118.32

V. UNITED STATES INVESTMENTS IN LATIN AMERICA 1929

1. South America

	Amount	Per Cent	Trade Balance with United States	
			1927	1928
Argentina	$611,474,750	10.95	−$66,389,000	−$79,400,000
Bolivia	133,382,250	2.40	−2,896,000	−4,800,000
Brazil	476,040,000	8.53	+88,177,000	+110,600,000
Chile	395,732,800	7.08	+25,941,000	+34,800,000
Colombia	260,532,500	4.66	+39,087,000	+36,000,000
Ecuador	25,000,000	.46	−338,000	−1,300,000
Paraguay	15,250,000	.28	−2,047,000	−800,000
Peru	150,889,000	2.80	−2,535,000	−2,600,000
Uruguay	64,345,800	1.16	−18,220,000	−14,200,000
Venezuela	161,565,000	2.91	−6,145,000	+1,100,000
Total	$2,294,212,100	41.06	+$54,635,000	+$79,400,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$35,700,000	.64	−$2,257,000	−$2,500,000
Guatemala	38,225,000	.68	+4,455,000	−3,700,000
Honduras	12,967,000	.23	+824,000	+2,600,000
Nicaragua	24,000,000	.43	−1,762,000	−1,900,000
Salvador	15,320,000	.26	−5,331,000	−4,400,000
Panama	36,381,000	.65	−28,700,000	−27,700,000
Cuba	1,525,900,000	27.31	+96,136,000	+74,800,000
Haiti	30,743,000	.55	−9,824,000	−11,100,000
Mexico	1,550,096,000	27.68	+28,663,000	+8,800,000
Dominican Republic	23,950,000	.43	−8,451,000	−7,400,000
Total	$3,293,282,000	58.92	+$73,753,000	+$27,500,000
Grand Total	$5,587,494,100	100.00	+$127,888,000	+$106,900,000

VI. GREAT BRITAIN–LATIN AMERICAN COMMERCE 1913

1. South America

	Imports	Exports	Imports from Great Britain	Exports to Great Britain
Argentina .	$492,456,000	$515,220,000	$152,883,000	$128,293,000
Bolivia .	21,319,000	36,488,000	4,322,000	29,497,000
Brazil .	324,010,000	315,737,000	79,289,000	41,599,000
Chile . .	120,274,000	142,802,000	36,109,000	55,548,000
Colombia .	27,571,000	33,155,000	5,640,000	4,470,000
Ecuador .	8,851,000	15,810,000	2,624,000	1,662,000
Paraguay .	7,893,000	5,473,000	2,283,000	1,000
Peru . .	29,043,000	43,584,000	7,625,000	16,232,000
Uruguay .	52,825,000	71,900,000	12,908,000	8,042,000
Venezuela .	19,677,000	28,777,000	4,225,000	2,163,000
Total .	$1,103,912,000	$1,208,946,000	$307,918,000	$287,467,000

2. Central America (including Cuba, Mexico and West Indies)

	Imports	Exports	Imports from Great Britain	Exports to Great Britain
Costa Rica .	$8,685,000	$10,322,000	$1,303,000	$4,317,000
Guatemala .	10,062,000	14,450,000	1,650,000	1,600,000
Honduras .	5,133,000	3,181,000	752,000	57,000
Nicaragua .	5,770,000	7,712,000	1,151,000	999,000
Salvador .	6,099,000	9,411,000	1,660,000	836,000
Panama .	11,060,000	5,383,000	2,422,000	59,000
Cuba . .	140,133,000	164,070,000	17,267,000	18,421,000
Haiti . .	8,100,000	11,316,000	594,000	800,000
Mexico .	97,495,000	149,602,000	12,652,000	15,234,000
Dominican Republic .	9,272,000	10,470,000	730,000	241,000
Total .	$301,809,000	$385,917,000	$40,181,000	$42,564,000
Grand Total	$1,405,721,000	$1,594,863,000	$348,099,000	$330,031,000

VII. BRITISH INVESTMENTS IN LATIN AMERICA 1913

1. South America

	Amount	Per Cent of Total	Trade Balance with Great Britain
Argentina	$1,860,700,000	37.34	−$24,590,000
Bolivia	2,099,000	.04	+25,175,000
Brazil	1,161,500,000	23.31	−37,690,000
Chile	331,691,000	6.65	+19,439,000
Colombia	34,470,000	.69	−1,170,000
Ecuador	14,505,000	.29	−962,000
Paraguay	15,579,000	.31	−2,282,000
Peru	133,292,000	2.67	+8,607,000
Uruguay	239,727,000	4.81	−4,866,000
Venezuela	41,350,000	.83	−2,062,000
Total	$3,834,913,000	76.95	−$20,401,000

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica	$33,300,000	.67	+$3,014,000
Guatemala	52,226,000	1.04	−50,000
Honduras	15,716,000	.32	−695,000
Nicaragua	6,196,000	.12	−152,000
Salvador	11,124,000	.22	−824,000
Panama	–	–	−2,363,000
Cuba	222,223,000	4.46	+1,154,000
Haiti	–	–	+206,000
Mexico	807,622,000	16.21	+2,582,000
Dominican Republic	–	–	−489,000
Total	$1,148,407,000	23.05	+$2,383,000
Grand Total	$4,983,320,000	100.00	−$18,018,000

VIII. GREAT BRITAIN–LATIN AMERICAN COMMERCE 1927

1. South America

	Imports	Exports	Imports from Great Britain	Exports to Great Britain
Argentina	$827,103,000	$971,980,000	$171,327,000	$208,168,000
Bolivia	22,743,000	43,704,000	4,408,000	34,811,000
Brazil	387,542,000	431,464,000	82,146,000	14,675,000
Chile	129,510,000	203,943,000	23,836,000	72,862,000
Colombia	121,818,000	124,324,000	15,541,000	21,791,000
Ecuador	9,451,000	12,763,000	1,743,000	792,000
Paraguay	11,535,000	13,754,000	1,266,000	127,000
Peru	69,056,000	109,277,000	10,909,000	32,606,000
Uruguay	85,130,000	97,970,000	13,376,000	18,646,000
Venezuela	75,723,000	76,155,000	10,189,000	2,698,000
Total	$1,739,611,000	$2,085,334,000	$334,741,000	$407,176,000

2. Central America (including Cuba, Mexico and West Indies)

	Imports	Exports	Imports from Great Britain	Exports to Great Britain
Costa Rica	$16,311,000	$18,058,000	$2,433,000	$9,885,000
Guatemala	22,685,000	33,951,000	2,129,000	270,000
Honduras	10,630,000	17,546,000	748,000	2,135,000
Nicaragua	10,208,000	9,025,000	1,170,000	628,000
Salvador	14,864,000	14,152,000	2,398,000	148,000
Panama	14,516,000	3,905,000	1,309,000	65,000
Cuba	257,384,000	322,705,000	11,504,000	31,618,000
Haiti	15,751,000	15,299,000	786,000	790,000
Mexico	163,589,000	294,700,000	10,609,000	22,920,000
Dominican Republic	27,784,000	31,179,000	1,545,000	9,625,000
Total	$553,722,000	$760,520,000	$34,631,000	$78,084,000
Grand Total	$2,293,333,000	$2,845,854,000	$369,372,000	$485,260,000

IX. GROWTH OF LATIN AMERICAN TRADE

(In thousand dollars — ,000 omitted)

1. South America

	Total Trade			Trade with Great Britain		
	1927	1913	Increase in Per Cent	1927	1913	Increase in Per Cent
Argentina .	$1,799,083	$1,007,676	78.53	$379,493	$281,176	34.96
Bolivia .	66,447	57,807	14.95	39,219	33,819	15.97
Brazil . .	819,006	639,747	28.02	96,821	120,888	−19.91
Chile . .	333,453	263,076	26.76	96,698	91,657	5.50
Colombia .	246,142	60,726	309.02	37,332	10,110	269.25
Ecuador .	22,214	24,661	−9.92	2,535	4,286	−40.85
Paraguay .	25,289	13,366	89.20	1,393	2,284	−39.01
Peru . .	178,333	72,627	145.56	43,515	23,857	82.40
Uruguay .	183,100	124,725	46.80	32,022	20,950	52.85
Venezuela .	151,878	48,457	213.43	12,887	6,388	101.74
Total .	$3,824,945	$2,312,858	65.38	$741,917	$595,385	24.61

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica .	$34,369	$19,007	80.82	$12,318	$5,620	119.04
Guatemala .	56,636	24,512	131.12	2,399	3,250	−26.18
Honduras .	28,176	8,314	239.30	2,883	809	256.37
Nicaragua .	19,233	13,482	42.66	1,798	2,150	−16.38
Salvador .	29,016	15,510	87.08	2,546	2,496	2.00
Panama .	18,421	16,443	12.03	1,374	2,481	−44.62
Cuba . .	580,089	304,203	91.96	43,122	35,688	20.83
Haiti . .	31,050	19,416	59.92	1,576	1,394	13.06
Mexico .	458,289	247,097	85.50	33,529	27,886	20.24
Dominican Republic .	58,963	19,742	198.67	11,170	971	1050.36
Total .	$1,314,242	$687,726	91.10	$112,715	$82,745	36.22
Grand Total	$5,139,187	$3,000,584	71.28	$854,632	$678,130	26.03

X. BRITISH INVESTMENTS IN LATIN AMERICA[1] 1929

1. South America

	Amount	Per Cent of Total	Trade Balance with Great Britain
Argentina	$2,140,104,000	36.28	+$36,841,000
Bolivia	12,512,000	.22	+30,403,000
Brazil	1,413,589,000	23.97	−67,471,000
Chile	389,749,000	6.62	+49,026,000
Colombia	37,870,000	.65	+6,250,000
Ecuador	22,683,000	.39	−951,000
Paraguay	18,276,000	.32	−1,139,000
Peru	140,897,000	2.39	+21,697,000
Uruguay	217,272,000	3.69	−5,270,000
Venezuela	92,141,000	1.58	−7,491,000
Total	$4,485,093,000	76.11	+$61,895,000

2. Central America (including Cuba, Mexico and West Indies)

	Amount	Per Cent of Total	Trade Balance with Great Britain
Costa Rica	$27,368,000	.47	+$7,452,000
Guatemala	57,682,000	.99	−1,859,000
Honduras	25,470,000	.44	+1,387,000
Nicaragua	4,003,000	.08	−542,000
Salvador	9,746,000	.18	−2,250,000
Panama	7,500,000	.14	−1,244,000
Cuba	237,801,000	4.04	+20,114,000
Haiti	–	–	+4,000
Mexico	1,034,690,000	17.55	+12,311,000
Dominican Republic	–	–	+8,080,000
Total	$1,404,260,000	23.89	+$43,453,000
Grand Total	$5,889,353,000	100.00	+$105,348,000

[1] For a detailed estimate in 1918 see Frederic M. Halsey, *Investments in Latin America* . . . , p. 20 (Department of Commerce, Special Agents Series, No. 169).

XI. GROWTH OF INVESTMENT AND TRADE UNITED STATES–LATIN AMERICA

1. South America

	1913	1929	Increase (in Per Cent)	Increase in Trade with United States 1913-1927 (in Per Cent)
Argentina .	$40,000,000	$611,474,750	1,428.68	168.75
Bolivia .	10,000,000	133,382,250	1,233.82	470.65
Brazil . .	50,000,000	476,040,000	852.08	103.36
Chile . .	15,000,000	395,732,800	2,604.88	104.65
Colombia .	2,000,000	260,532,500	12,926.67	520.02
Ecuador .	10,000,000	25,000,000	150.00	60.97
Paraguay .	3,000,000	15,250,000	408.33	278.51
Peru . .	35,000,000	150,889,000	331.11	375.14
Uruguay .	5,000,000	64,345,800	1,186.92	246.55
Venezuela .	3,000,000	161,565,000	5,252.17	261.25
Total .	$173,000,000	$2,294,212,100	1,226.13	160.04

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica .	$7,000,000	$35,700,000	410.00	44.93
Guatemala .	20,000,000	38,225,000	91.12	172.58
Honduras .	3,000,000	12,967,000	332.23	186.05
Nicaragua .	3,000,000	24,000,000	700.00	97.69
Salvador .	3,000,000	15,320,000	410.67	65.64
Panama .	5,000,000	36,381,000	627.62	24.87
Cuba . .	220,000,000	1,525,900,000	593.59	103.89
Haiti . .	4,000,000	30,743,000	668.57	79.29
Mexico .	800,000,000	1,550,096,000	93.76	50.59
Dominican Republic .	4,000,000	23,950,000	498.75	148.78
Total .	$1,069,000,000	$3,293,282,000	208.07	81.82
Grand Total	$1,242,000,000	$5,587,494,100	349.88	118.32

XII. GROWTH OF INVESTMENTS AND TRADE GREAT BRITAIN–LATIN AMERICA

1. South America

	1913	1929	Increase (in Per Cent)	Increase in Trade with Great Britain 1913-1927 (in Per Cent)
Argentina .	$1,860,700,000	$2,140,104,000	15.02	34.96
Bolivia .	2,099,000	12,512,000	496.09	15.97
Brazil . .	1,161,500,000	1,413,589,000	23.43	−19.91
Chile . .	331,691,000	389,749,000	17.50	5.50
Colombia .	34,470,000	37,870,000	9.86	269.25
Ecuador .	14,505,000	22,683,000	56.38	−40.85
Paraguay .	15,579,000	18,276,000	17.31	—39.01
Peru . .	133,292,000	140,897,000	5.71	82.40
Uruguay .	239,727,000	217,272,000	−9.37	52.85
Venezuela .	41,350,000	92,141,000	122.83	101.74
Total .	$3,834,913,000	$4,485,093,000	16.95	24.61

2. Central America (including Cuba, Mexico and West Indies)

Costa Rica .	$33,300,000	$27,368,000	−17.81	119.04
Guatemala .	52,226,000	57,682,000	10.45	−26.18
Honduras .	15,716,000	25,470,000	62.06	256.37
Nicaragua .	6,196,000	4,003,000	−35.39	−16.38
Salvador .	11,124,000	9,746,000	−12.39	2.00
Panama .	–	7,500,000	–	−44.62
Cuba . .	222,223,000	237,801,000	7.01	20.83
Haiti . .	–	–	–	13.06
Mexico .	807,622,000	1,034,690,000	28.12	20.24
Dominican Republic .	–	–	–	1,050.36
Total .	$1,148,407,000	$1,404,260,000	22.28	36.22
Grand Total	$4,983,320,000	$5,889,353,000	18.18	26.03

XIII. ECONOMIC DEVELOPMENT

Country	Population	Highway Miles per 1,000 Inhabitants	Railway Miles per 1,000 Inhabitants	Telephone Instruments per 1,000 Inhabitants
United States .	120,013,000	194.9	20.8	148.0
Argentina . .	10,647,000	25.1	22.3	19.2
Bolivia . . .	2,599,000	.9	4.1	.7
Brazil . . .	40,543,000	3.4	4.8	2.6
British West Indies	1,826,000	7.9	2.3	5.6
Chile . . .	4,025,000	4.8	13.3	7.6
Colombia . .	7,283,000	1.4	1.8	2.6
Costa Rica . .	472,000	3.1	8.8	5.0
Cuba . . .	3,568,000	12.7	8.4	17.9
Dominican Republic	1,022,000	4.0	1.1	1.6
Ecuador . . .	2,000,000	.8	2.7	2.3
French West Indies	243,000	11.3	–	3.1
Guatemala . .	2,454,000	1.1	2.4	1.0
Haiti . . .	2,550,000	.8	.6	.5
Honduras . .	740,000	.7	13.5	2.2
Mexico . . .	15,000,000	3.9	9.1	3.8
Nicaragua . .	650,000	.9	2.6	1.7
Panama . . .	500,000	9.8	5.9	15.5
Paraguay . .	1,000,000	1.0	5.2	.4
Peru . . .	5,500,000	2.0	3.9	2.4
Porto Rico . .	1,456,000	9.5	2.3	9.2
Salvador . . .	1,680,000	1.1	2.1	2.1
Uruguay . . .	1,720,000	20.2	10.6	15.7
Venezuela . .	3,089,000	4.4	2.1	4.1

[1] Adapted from "*Measuring the Latin American Market,*" by

OF AMERICAN COUNTRIES[1]

Telegraph Mileage per 1,000 Inhabitants	Percentage of Population in Cities of 25,000 or Over	Percentage of Population able to Read and Write	Purchasing Power Index per Capita	Imports per Capita	Imports from United States per Capita
16.8	51	92	100.00	$34.57	–
19.1	35	60	31.85	80.10	$20.66
2.7	9	30	–	8.73	2.54
2.5	13	26	7.74	9.73	2.81
.8	–	–	–	40.94	6.14
11.3	27	44	15.74	32.51	9.90
2.6	17	25	4.83	16.34	7.09
4.6	11	30	–	34.60	17.30
3.4	24	48	16.85	72.00	45.00
.3	3	41	10.49	27.15	17.37
2.3	11	20	–	4.96	2.38
.5	–	–	–	22.00	7.10
2.0	15	25	4.38	10.20	4.46
.5	5	10	4.37	6.86	5.24
5.2	4	28	–	15.19	12.08
5.8	15	38	11.03	11.28	7.24
2.8	17	20	–	15.84	12.38
8.4	19	26	9.65	29.00	22.63
2.7	20	40	–	14.26	3.07
2.0	10	24	6.13	12.97	5.18
.2	–	–	–	76.30	68.35
1.2	18	35	–	9.01	4.53
3.7	30	62	14.82	49.50	14.95
2.6	9	29	9.41	22.95	12.73

George J. Eder, *Commerce Reports*, February 18, 1929, p. 387.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA

[In addition to detailed information presented in the text regarding the more important oil companies in which American capital is interested, there is presented hereunder, in tabular form, a list of oil corporations operating in Latin American republics.]

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Adrian Petroleum Co.	600,000	Mexico	Atlantic Lobos
American British Oil Co.	–	Venezuela	Standard Oil Co. of Venezuela
American Maracaibo	386,000 [1]	Colombia Venezuela	– – –
Andes Petroleum Corp.	1,667,570 [1]	Venezuela	– – –
Apure-Venezuela Petroleum Corp.	500,000 [1]	Venezuela	Venezuelan Petr.
Atlantic Gulf Oil Co.	200,000	West Indies	Warner Quinlan
Atlantic Lobos Oil Co.	10,000,000 499,433 [1]	Mexico	– – –
Atlantic Refining Co., Brazil	1,000,000	Brazil	Atlantic Refining
Bankers Company of Colombia	–	Colombia	Colombia Oil Conc.
Barclay Petroleum Corp.	–	Mexico	– – –
Beacon Sun Co.	–	Colombia	Beacon Oil Company
Bermudez Co.	100,000	Venezuela	General Asphalt
Bogota Syndicate of N. Y.	5,000 [1]	Colombia	– – –
British Equatorial Oil Co.	3,262,500	Venezuela	Lago Oil & Transport
British Guiana Oilfields, Ltd.	–	British Guiana	Intercontinent Pet.
British Zulia Oil Co.	–	Venezuela	Lago Oil & Transport

Cabric Co.	–	Brazil	Pan Am. Petroleum
Cachavi Company	–	Ecuador	Intercontinent Petr.
Cachavi Syndicate	–	Ecuador	Intercontinent Petr.
California Investment Co.	–	Mexico	Venezuela-Mex. Oil
California Petroleum Co.	70,000	Venezuela	California Petr. Corp. Pantepec Oil Co.
California Standard Oil Co. de Mexico	1,000 [1]	Mexico	Standard Oil of Calif.
Caloric Company	1,262,000	Brazil	Pan American Petr.
Caracas Syndicate	2,715,875	Venezuela	– – –
Carib Company	268,825	– –	Carib Syndicate
Carib Syndicate, Ltd.	137,500	Venezuela Colombia	– – –
Caribbean Petroleum Co.	27,243,600	Venezuela	General Asphalt
Central Area Exploitation Co.	3,125,000	Venezuela	Standard Oil of N. J.
Colombian-American Corp.	–	Colombia	– – –
Colombian Atlantic Refining Co.	100,000	Colombia	Atlantic Refining
Colombia Oil Concessions, Inc.	750,000 [1]	Colombia	– – –
Colombian Petroleum Co.	5,000,000	Colombia	South Am. Gulf Oil Carib Syndicate
Compania Colombiana de Petroleo	–	Colombia	Colombian Petr. Corp.
Cia. de Gas y Combustible "Imperio"	100,000	Mexico	Cities Service
Cia. de Terrenos Petroliferos "Imperio"	50,000	Mexico	Cities Service
Cia. Emmex de Petroleo y Gas	–	Mexico	Cities Service
Cia. Internacional de Pet. y Oleoductos	–	Mexico	Int. Petroleum
Cia. La Macarena	–	Mexico	Union Oil of Calif.
Cia. Mexicana de Petroleo "Union"	25,000	Mexico	Union Oil of Calif.
Cia. Mex. de Terrenos y Petroleo	–	Mexico	Int. Petroleum
Cia. Nacional de Pet. y Oleoductos	–	Mexico	Mexican Seaboard
Cia. Nueva de Petroleo Mexicana	–	Mexico	Mexico Oil Corp.

[1] Represents number of shares without par value.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Continued*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Cia. Petrolera del Agwi	$625,000	Mexico	– – –
Cia. Pet. Franco Espanola	–	Mexico	Cons. Oil Cos. of Mexico
Cia. Transcontinental de Petroleo	2,000,000	Mexico	– – –
Cia. Venezolana de Fomento	–	Venezuela	Venezuelan Holding
Cia. Venezolana de Petroleo	965,000	Venezuela	– – –
Colon Development Co.	–	Venezuela	Carib Syndicate
Colon Oil Corp.	10,000,000 2,200,000 [1]	Venezuela	– – –
Condor Oil Co.	737,500 [1] 600,000	Venezuela	Creole Syndicate
Consolidated Oil Companies of Mexico	4,163,536	Mexico	Marland Oil Co. of Mexico
Continental Mexican Petroleum Co.	500,000	Mexico	General Petroleum
Cosden & Co.	–	South America	– – –
Cordillera Petroleum Corp.	1,000 [1]	Venezuela Colombia	Venezuelan Petr.
Cortez-Aguada Petroleum Corp.	150,000	Mexico	Atlantic Lobos
Creole Oil Corporation	–	Venezuela	Gulf Oil Corp.
Creole Petroleum Corp.	5,978,900 [1]	Venezuela	Standard Oil of N. J.
Cucuta Syndicate of N. Y.	–	Colombia	– – –
Eastern Zamora Oilfields	25,000 [1]	Venezuela	Venezuelan Petroleum
Emerald Oil Co.	–	Colombia	– – –
Empire Pipe Line Co. of Mexico	25,000	Mexico	Cities Fuel & Power
English Oil Co.	5,000	Mexico	Intercontinent Petr.

Esperanza Petroleum Corp.	630,000	Venezuela	Amerada Corporation
Equatorial Oil Co.	15,000,000	Colombia	Carib Syndicate
Falcon Oil Corp.	7,856,000	Venezuela	– – –
Galena-Signal Oil Company, S. A.	–	Argentina	Texas Corporation
Globe Oil Company	–	Mexico	Globe Petroleum
Globe Petroleum Corp.	3,112,530	Mexico	– – –
Granada Oil Corp.	–	Colombia	– – –
Guatemala Syndicate	7,500,000	Guatemala	Intercontinent Petr.
Guiana Oil Syndicate	–	British Guiana	Intercontinent Petr.
Gulf Coast Corporation	850,000	Mexico	Cities Fuel & Power
Hidalgo Petroleum Co.	1,205,000	Mexico	– – –
Huasteca Petroleum Co.	14,680,000	Mexico	Mexican Pet. Co., Ltd.
Intercontinent Petroleum Co.	25,000,000	Colombia, Venezuela, Guatemala	– – –
Intercontinent Petroleum Corp.	4,866,165	Mexico, Central America, South America	– – –
International Petroleum Co., Ltd.	500,000 14,304,808[1]	South America	– – –
International Petroleum Co. of Maine	–	Mexico	Mexican Seaboard
International Petroleum Co.	600,000	Mexico	Mexican Seaboard Oil
Kern Mex. Oilfields, Ltd.	25,000	Mexico	Kern River
Kern Mexican Oilfields	12,500	Mexico	Kern River Oilfields

[1] Represents number of shares without par value.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Continued*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Kern River Oilfields of Calif., Ltd.	$7,500,000	Mexico Trinidad	— — —
Kern River Trinidad Oilfields, Ltd.	2,500,000	Trinidad	General Asphalt
Kern Trinidad Oilfields, Ltd.	2,056,315	Trinidad	Kern River
"La Atlantica" Cia. Mex. Prod. y Rafin. de Petroleo	50,000	Mexico	Atlantic Lobos
Lago Oil & Transport Co., Ltd. of Canada	2,500,000 10,000 [1]	Venezuela	Lago Oil & Transport
Lago Oil & Transport Corp.	3,992,394 [1]	Venezuela	Pan Am. Petr.
Lago Petroleum Corp.	4,000,000 [1]	Venezuela	Lago Oil & Transport
Lago Shipping Co. of Great Britain	50,000 [1]	— —	Lago Oil & Transport
Lagunita Oil Company	700,000	Mexico	Cities Fuel & Power
Latin American Petroleum Co.	—	Colombia	Latin Am. Petr. Corp.
Latin American Petroleum Corp.	21,000,000	Colombia	Standard Oil of Calif.
Leonard Oil Development Co.	46,401,300	Ecuador Colombia	— — —
Magdalena Syndicate	850,000	Colombia	— — —
Mara Exploration Co.	2,000 [1]	Venezuela	Maracaibo Oil Expl.
Maracaibo Oil Exploration Co.	330,000 [1]	Venezuela	— — —
Maracaibo Oil Exploration Corp.	—	Venezuela	Gulf Oil Corporation
Marland Oil Co. of Mexico	2,000,000	Mexico	Continental Oil Co.
Maxudian Petroleum Corp.	801,480 [1]	Venezuela	Venezuela Maxudian Oil

Mene Grande Oil Corp.	21,400[1]	Venezuela	– – –
Merida Oil Corp.	–	Venezuela	Creole Syndicate
Mexican Gulf Oil Company	200,000	Mexico	Gulf Oil Corp.
Mexican Petroleum Co., Ltd.	65,394,200	Mexico	Pan American Petro.
Mexican Petroleum Co. of Calif.	6,576,994	Mexico	Mex. Pet., Ltd.
Mexican Petroleum Co. of Louisiana	1,594,600	Mexico	Mex. Pet., Ltd.
Mexican Petroleum Corp.	–	Mexico	Mex. Pet., Ltd.
Mexican Seaboard Oil Co.	2,800,000 1,000,000[1]	Mexico Venezuela	– – –
Mexican Sinclair Petroleum Corp.	–	Mexico	Sinclair Consolidated
Mexico Ohio Oil Co.	400,000[1]	Mexico	Ohio Oil Co.
Mexico Oil Corp.	1,500,000	Mexico	– – –
Mid-Colombian Oil Development Co.	–	Colombia	Transcontinental Oil Standard Oil of Calif.
Miranda Exploration Co.	2,000[1]	Venezuela	Maracaibo Oil Expl.
National Venezuela Oil Corp.	4,500,000	Venezuela	– – –
Nato Petroleum Corp.	–	Colombia	Magdalena Synd. Granada Oil
New England Fuel Oil Co.	250,000	Mexico	– – –
New England Oil Corp., Ltd.	10,000	Venezuela	New England Oil Corp.
New York & Bermudez Co.	1,000,000	Venezuela	General Asphalt
North American Leasing Corp.	–	Mexico	Venezuelan Mex. Oil
Ohio Mexican Oil Corp.	–	Mexico	Mexico Ohio Oil Co.
Ohio Mexico Oil Corp.	5,000,000	Mexico	– – –
Orinoco Oil Co.	–	Venezuela	Pure Oil Co.
Otontepec Petroleum Co.	–	Mexico	Venezuelan-Mex. Oil

[1] Represents number of shares without par value.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Continued*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Panama Gulf Oil Co.	$25,000 [1]	Panama, Central America	Gulf Oil Corp.
Pan American Petroleum & Transp. Co.	230,171,000	Mexico, Venezuela	– – –
Pantepec Oil Co. of Venezuela	1,507,300 [2]	Venezuela	– – –
Panuco Boston Oil Co.	1,000,000	Mexico	Atlantic Oil Prod.
Penn-Mex. Fuel Co.	10,000,000	Mexico	South Penn Oil
Perija Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Perpetual Petroleum Corp.	2,000,000	Guatemala	– – –
Petroleum Development Co.	100,000	Trinidad	General Asphalt
Piez Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Prudential Oil Co.	–	Colombia	Carib Syndicate
Refineria Petrolera Occidental	–	Mexico	Rio Grande Oil Co.
Richmond Petroleum Co.	500,000	Venezuela	Standard Oil of Calif.
Richmond Petroleum Co. of Colombia	–	Colombia	Standard Oil of Calif.
Richmond Petroleum Co. of Mexico	–	Mexico	Standard Oil of Calif.
Richmond Petroleum Co. of Venezuela	–	Venezuela	Standard Oil of Calif.
Rico Oil Company	–	Colombia	– – –
Rio Palmer Land & Timber Corp.	–	Venezuela	Creole Syndicate
Rio Palmer Oilfields Corp.	–	Venezuela	Creole Syndicate
Sinclair Central American Corp.	1,000,000 [2]	Panama	Venezuelan Pet.
Sinclair Cuba Co.	–	Cuba	Sinclair Consol.

Sobrantes Oil Co.	60,780	Venezuela	Simms Petroleum
S. A. de Galena-Signal	–	Brazil	Texas Corporation
Soc. Pet. Izabal-Castellanos y Cia.	275,000	Guatemala	– – –
Sogamosa Petroleum Corp.	5,000,000 [3]	Colombia	– – –
South American Oil & Development Co.	–	Venezuela	Venezuelan Int.
South American Gulf Oil Co.	25,000	Colombia	Gulf Oil Corp.
South American Oil Co.	5,000,000	Colombia	– – –
South American Oilfields	2,500,000	Colombia, Venezuela	– – –
Southern Exploration Co.	100,000	Guatemala	– – –
Southern Fuel & Refining Co.	995,000	Mexico	Cities Fuel & Power
Standard Oil Co. of Brazil	500,000	Brazil	Standard of N. J.
Standard Oil Co. of Bolivia	8,250,000	Bolivia	Standard of N. J.
Standard Oil Co. of Cuba	–	Cuba	Standard Oil of N. J.
Standard Oil Co. of Venezuela	–	Venezuela	Creole Syndicate
Standard Oil Co. of Venezuela, Inc.	–	Venezuela	Creole Syndicate
Sucre Oil Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Sun Oil Co. of Mexico	–	Mexico	Sun Oil Co.
Tal-Vez Oil Co.	50,000	Mexico	Southern Oil & Transport
Tamihua Petroleum Co.	1,000,000	Mexico	Mex. Pet. Co., Ltd.
Tampascas Oil Co.	20,000	Mexico	Lagunita Oil Co.
Taranco & Co.	–	Uruguay	Texas Corporation
Texas Company of Mexico	1,750,000	Mexico	Texas Corporation
Texas Co. (Caribbean)	150,000	Venezuela	Texas Corporation
Texas Company (W. I.), Ltd.	200,000	Cuba	Texas Corporation
Texas Company (Porto Rico)	100,000	Porto Rico	Texas Corporation

[1] Operations suspended and equipment shipped to Colombia after spending $1,000,000 in exploration and drilling work in Panama.
[2] Represents number of shares without par value.
[3] Represents common stock, authorized but not issued.

XIV. AMERICAN OIL COMPANIES IN LATIN AMERICA — *Concluded*

Name	Issued Capital (in Dollars)	Territory	Controlled by or Affiliated with
Texas Company of South America	$100,000	Brazil	Texas Corporation
Texas Petroleum Co.	7,500,000	Venezuela	Texas Corporation
Torcoroma Corporation	2,000,000	Colombia	— — —
Trinidad Lake Asphalt Operating Co.	2,500,000	Trinidad	General Asphalt
Trinidad Lake Petroleum Co., Ltd.	1,000,000	Trinidad	General Asphalt
Trinidad Oilfields Operating Co.	—	Trinidad	West Indies Oil
Tropical Oil Co.	39,375,000	Colombia	Int. Petroleum
Tuxpan Oil Co.	60,000 30,000 [1]	Mexico	Producers Oil Corp.
Tuxpam Petroleum Co.	1,000,000	Mexico	Mex. Pet. Co., Ltd.
Union Co. of Mexico	—	Mexico	Union Oil of Calif.
Union National Petroleum Co.	70,000 [2]	Venezuela	Union Oil Co. of Calif.
Union Oil Co. of California	—	Mexico Colombia Venezuela	— — —
Union Oil Co. of Mexico	—	Mexico	Union Oil of Calif.
Urdaneta Exploration Co.	2,000 [2]	Venezuela	Maracaibo Oil Explor.
Venezuela-Colombian Corp.	—	Venezuela Colombia	South Am. Oilfields
Venezuela Gulf Oil Co.	—	Venezuela	Gulf Oil Corp.
Venezuela-Mexicana Oil Corp.	—	Mexico Venezuela	— — —

Venezuela Maxudian Oil Co.	746,956 [2]	Venezuela	– – –
Venezuela Oilfields	–	Venezuela	South Am. Oilfields
Venezuela Petroleum Co.	–	Venezuela	Gulf Oil Corp.
Venezuelan Atlantic Refining Co. . . .	100,000	Venezuela	Atlantic Refining Co.
Venezuelan Holding Corp.	127,110 [2]	Venezuela	– – –
Venezuelan International Corp.	–	Venezuela	Creole Syndicate
Venezuelan Mexican Oil Corp.	7,436,640	Mexico	– – –
Venezuelan Seaboard Oil Co.	50,000 [2]	Venezuela	Mexican Seaboard Oil
Vincox Oil Co.	–	Venezuela	Venezuela Maxudian
Warner-Quinlan Company	–	Mexico	– – –
Webster Syndicate	–	Venezuela	Creole Syndicate
West India Oil Co.	–	West Indies	Standard of N. J.
West Venezuela Oil Co.	–	Venezuela	Intercontinent Pet.
Woodburn Oil Co.	–	Venezuela	Simms Petroleum
Zamora-Venezuela Petroleum Corp. . . .	300,000 [2]	Venezuela	Venezuelan Petr.

[1] Represents preferred stock, authorized but not issued.
[2] Represents number of shares without par value.